

ANNUAL REPORT

2015/16 FINANCIAL YEAR

TABLE OF CONTENTS

CHAPTER 1 – EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY 6

MUNICIPAL MANAGER'S FOREWORD 1

PREFACE 1

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW 2

1.2. SERVICE DELIVERY OVERVIEW 4

1.3. FINANCIAL HEALTH OVERVIEW 6

1.4. AUDITOR GENERAL REPORT 8

1.5. STATUTORY ANNUAL REPORT PROCESS 9

CHAPTER 2 - GOVERNANCE 10

2.1 GOVERNANCE 10

2.2 POLITICAL GOVERNANCE 11

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1) 15

3.1 ADMINISTRATIVE GOVERNANCE 15

3.2. INTERGOVERNMENTAL RELATIONS 17

3.3 PUBLIC MEETINGS 19

3.4 IDP PARTICIPATION AND ALIGNMENT 20

3.5 RISK MANAGEMENT 24

3.6 SUPPLY CHAIN MANAGEMENT 28

3.7 BY-LAWS 28

3.8 WEBSITES 29

3.9 PUBLIC SATISFACTION ON MUNICIPAL SERVICES 30

3.10 SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 32

3.11 WATER PROVISION 33

3.12 WASTE WATER (SANITATION) PROVISION 38

3.13 ELECTRICITY 42

3.14 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) 47

3.15 HOUSING 53

3.16 FREE BASIC SERVICES AND INDIGENT SUPPORT 59

3.17 ROADS 61

3.18 WASTE WATER (STORMWATER DRAINAGE) 65

3.19 PLANNING AND DEVELOPMENT 68
3.20 PLANNING 69
3.21 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) 71
3.22LIBRARIES; MUSEUMS; COMMUNITY FACILITIES 78
3.23CEMETERIES 83
3.24CHILD CARE; AGED CARE; SOCIAL PROGRAMMES 89
3.25POLLUTION CONTROL 99
3.26BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION) 100
3.27CLINICS 103
3.28AMBULANCE SERVICES 104
3.29 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC 104
3.30 SERVICE STATISTICS FOR HEALTH INSPECTION 105
3.31 PROJECTS/PROGRAMS IMPLEMENTED DURING REPORTING PERIOD 107
3.33TRAFFIC 113
3.34FIRE AND RESCUE 117
PUBLIC NUISANCES 121
3.35 SPORT AND RECREATION 122
3.36SPORT AND RECREATION 123
3.40 CORPORATE POLICY OFFICES AND OTHER SERVICES 125
3.41 EXECUTIVE AND COUNCIL 125
3.42 FINANCIAL SERVICES 127
3.43 HUMAN RESOURCE SERVICES 130
3.44 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES 133
3.45 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES 137

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) 138
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES 138
4.2 POLICIES 142
4.3 INJURIES, SICKNESS AND SUSPENSIONS 143
4.5 SKILLS DEVELOPMENT AND TRAINING 146
4.6 EMPLOYEE EXPENDITURE 147

CHAPTER 5 – FINANCIAL PERFORMANCE 148
5.1 STATEMENTS OF FINANCIAL PERFORMANCE 150
5.2 GRANTS 153
5.3 ASSET MANAGEMENT 154
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS 155
5.5 CAPITAL EXPENDITURE 156
5.6 SOURCES OF FINANCE 157
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS 158
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW 159
5.9 CASH FLOW 160
5.10 BORROWING AND INVESTMENTS 161

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS 162
6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year) 162
6.2 AUDITOR GENERAL REPORT YEAR 0 163

GLOSSARY 164

APPENDICES 167
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE 167
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES 169
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE 170
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY 171
APPENDIX E – WARD REPORTING 173
APPENDIX F – WARD INFORMATION 176
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0 177
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP 178
APPENDIX I – DISCLOSURES OF FINANCIAL INTERESTS 179
APPENDIX J REVENUE COLLECTION PERFORMANCE BY VOTE 181
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY SOURCE 182
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG 184
APPENDIX M CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME 185

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0 187

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0 188

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS 188

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION 189

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY 190

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT 191

ANNEXURE A – FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2016 193

ANNEXURE B – REPORT OF THE AUDITOR GENERAL 2015/16 FY 193

ANNEXURE C – ANNUAL PERFORMANCE REPORT 2015/16 FY 193

ANNEXURE D – ACTION PLAN TO ADDRESS AG FINDINGS 193

CHAPTER 1 – EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



The Lesedi Local Municipality is a proud and ethics bound institution and as such it is an exciting time as transformation we envisage will transpire in next five years. We wish to thank those directly linked to the Municipal Council, thus all councillors and staff members who worked diligently during the past financial year to achieve the vision of our municipality, also who contributed on working towards achieving our dream of an unqualified audit report, though with matters of emphasis. The commitment from all Councillors and Members of the Mayoral Committee and employees cannot be disputed. We have been privileged to be part of this municipality in its Firth Term, making us eager and optimistic for clean audit target. This in itself makes it easy for us as a team to just continue with the good work and the ground rules that are already in place.

The municipality has made significant progress towards meeting its targets and goals as set for the provision of basic services. We have achieved taking council closer to the community, by hosting a successful budget tabling and holding regular Imbizos for communities to be familiar with council operations and to maintain a healthy relationship with the citizens. We have also been adhering to the Inter - Governmental Relations call by benchmarking with different municipalities, in the best interest of exchanging good practices on governance and policies. We have engaged potential investors for the benefit of creating job and SMME partnership opportunities , we further encourage the youth to empower themselves with the rare skills in order to take part in the construction process of this project in an effort to grow our local economy.

We have also achieved a milestone by establishing our own contractor development Programme where young entrepreneurs are given an opportunity to participate in construction work in an effort to upgrade their CIDB and enable them to create more job opportunities. This objective to develop young people around the jurisdiction of Lesedi Local Municipality, is an attempt to ensure that they are relevant to the development agenda of the Municipality.

We are still on the journey of improving our services that are delivered to our communities with water and electricity taking priority, hence we are on the verge of starting with the development of upgrading our water reservoirs and networks, as an attempt of keeping our promise of service delivery to our communities which is their constitutional right. We are continuing with construction and maintenance of roads, electrification and supplying water to our households in different wards.

EXECUTIVE MAYOR'S FOREWORD

It is in this financial year where our people should be taught about the importance of paying rates and taxes so that we enable the municipality to improve on its revenue collection so that it can be able to improve and efficiently deliver services. We are also bound to educate our people about the importance of not polluting hence the municipality is considering to revive some of the landfill sides where all the dump can be dumped.

We know the past half a decade has not been an easy one despite of the hiccups and disparities encountered, we are still standing. We therefore invite our people to come walk with us as we are on the journey of trying to change the lives of our people and giving them better services not forgetting to try and create sustainable jobs and develop our youth to be able to face the challenges of life on their own.



CLLR. Lerato Maloka

Executive Mayor

MUNICIPAL MANAGER'S FOREWORD

Like most municipalities, Lesedi Local Municipality (LLM) is faced with plethora of challenges related to service delivery. However it is important to note that through optimal usage of constrained budget, the municipality has managed to deliver services at acceptable levels. It is also prudent to note that the Municipality must raise funds to invest on provision of services.

Efforts have necessitated the mode to embark on revenue enhancement strategy and austerity measures supporting cost containment initiatives. As a point of departure debt collection was prioritised as the life blood of service delivery. Collection rate of 87% was realised compared to our ambitious target of 95% in the 2015/16 financial year.

Review of electricity tariffs in a form of alignment of our old flat tariffs to Eskom's time-of-use to allow the municipality to recover expenditure on the bulk purchases, especial during winter months was concluded. This will go a long way to improve the municipality's liquidity. The process resulted in the introduction of time-of-use tariffs for all commercial customers, short of residential.

Service delivery backlogs (Provision of Water, Sanitation and Electricity) are being dealt with through the development of new formalised settlements where all the above mentioned basic services are provided. In this regard communities are relocated from informal settlements to serviced and formalised settlements. The development of Obed Nkosi, Kwazenzele Phase 2 and Impumelelo Extension 3 & 4 are planned multi-year mega-projects which are being implemented to deal with service delivery backlogs.

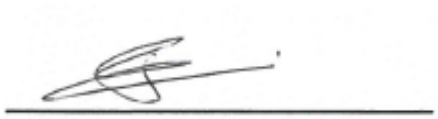
It must be noted that these developments are exerting pressure on the municipality to provide bulk services and as a result the municipality's grant spending is prioritised towards the provision of bulk services. This resulted in the introduction of bulk infrastructure projects such as the Upgrade of Reservoir, Water Feeder Line and Water Treatment Plant in Kwazenzele.

Roads and stormwater backlogs are being addressed through the implementation of Municipal Infrastructure Grant (MIG) program and 2,7Km of new road and stormwater networks were completed during the 2015/16 financial year.

Improved service Delivery needs to be supported by good governance. In this regard, the municipality is working hard to obtain clean audit. In the 2015/16 financial year, "back-to-basics" approach was undertaken to strengthen internal controls especially in the supply chain environment to deal with reduction of irregular expenditure.

In conclusion, creation of jobs and alleviation of poverty remains pressing challenge that the municipality have to deal with. The municipality's role in this regard is to provide an environment which is conducive and attractive for investment. In this regard, through the implementation of the municipality's Local Economic Development Strategy, Ratanda Shopping Centre was launched in the 2015/16 financial year. Land Availability Agreement

was also concluded in the 2015/16 financial year with Reatile-Vopak for the development of Liquid Fuel Terminal Storage which will create temporary and long term job opportunities and also unlock meaningful contribution on local SMME development.



Acting Municipal Manager
Isaac Rampedi

PREFACE

The financial years contained in this report are explained as follows:

- Year -1: The previous Financial Year (FY);
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and

We wish to thank all relevant municipal employees for their inputs and support throughout the development of this document.

1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

According to South African Census data, the total population of the Lesedi LM was 73 691 people in 2001, increasing by 25 829 people to 99 520 in 2011. This translates into an average annual growth rate of 3.1%. Assuming this rate of population growth has remained consistent since 2011, it is estimated that there are 112 970 people living in the Lesedi LM in 2015. However according to Community Survey 2016, the population figures are standing at 112 472. It should also be noted that 34.4% of the population is comprised of youth.

Population Details									
								Population	
Age	2013/14 FY			2014/15 FY			2015/16 FY		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	5019	4943	9962	6243	6168	12411	6436	6361	12797
Age: 5 - 9	4245	4048	8293	4745	4245	8990	4938	4438	9376
Age: 10 - 19	8077	7828	15905	8177	7873	16050	8355	8066	16421
Age: 20 - 29	11064	9218	20282	12910	9815	22725	13053	10003	23056
Age: 30 - 39	8750	7271	16021	9229	8456	17685	9422	8649	18071
Age: 40 - 49	6179	5917	12096	7314	6179	13493	7507	6365	13872
Age: 50 - 59	4207	4423	8630	4423	5449	9872	4616	5642	10258
Age: 60 - 69	2400	2602	5002	2400	2602	5002	2593	2795	5388
Age: 70+	1379	1954	3333	1379	1966	3345	1572	2159	3731
Total			**99524**			**109573**			**112970**

Socio Economic Status					
Year	**Housing Backlog as proportion of current demand**	**Unemployment Rate**	**Proportion of Households with no Income**	**Proportion of Population in Low-skilled Employment**	**HIV/AIDS Prevalence**
2015/16	14,45%	25,9%	11%	25,6%	12,6%
2014/15	15%	25%	11%	25%	12.4%
2013/14	15%	25%	11%	25%	11%

Overview of Neighbourhoods within Lesedi Local Municipality		
Settlement Type	**Households**	**Population**
Towns:		
Heidelberg	4000	10 500
Devon	580	2300
Heidelberg Ext 8, 9 and 10	2100	9300
Sub-Total	**6680**	**22100**
Townships:		
Ratanda	8000	46 360
Obed Nkosi	1250	3397
Heidelberg Ext 23 & 26	3000	15000
Heidelberg Ext 7 and 16	900	3500
Impumelelo	1600	7269
Jameson Park	468	1761
Sub-Total	**15 218**	**77287**
Rural settlements:		
Vischuil and Endicott	320	983
Kwazenzele	287	1900
Surrounding Farms	630	1500
Sub-Total	**1237**	**4383**
Informal settlements:		
Ratanda	1100	3500
Impumelelo	890	2700
Kwazenzele	1500	3000
Sub-Total	**3490**	**9200**
Total	**26 625**	**112 970**
Source: Stats SA (2011) CS 2016		

1.2. SERVICE DELIVERY OVERVIEW

The Lesedi local Municipality provides affordable and acceptable quality of basic services to different categories of consumers within its area of jurisdiction. The provision of such services is a directive from different pieces of legislation which delegates powers and functions to the local Authority. The following services are rendered to different categories of consumers which include commercial businesses, schools, industries, recreational facilities, formal and informal settlements.

Basic Services Rendered by the Municipality:

- Potable Water Service
- Sanitation Service
- Refuse Removal Service
- Electricity Service
- Roads and Storm water Service

Potable Water Service:
All formalized settlements have access to potable water inside the yard or dwelling, while provision to informal settlements and some Agricultural Holdings is through communal taps and tanker services. Provision of communal taps to informal settlements is within 200m radius. All registered indigent households have access to free basic water of 6kl per property per month.

Sanitation Service:
Formalized settlements have access to adequate sanitation services provided through water borne sewer system, while informal settlements are provided through traditional pit latrines, ventilated pit latrines and chemical toilets. Agricultural holdings and other farm areas are utilizing septic tanks.

Refuse Removal Service:
Refuse collection on formalized settlements is provided through weekly cycle, while informal settlements are catered for through communal transfer containers. Street cleaning service is also rendered in the Heidelberg and Ratanda CBD.

Electricity Service:
All formalized households, Agricultural Holdings and Farms have access to electricity, provided by either by the Municipality or Eskom. The local authority does not supply electricity to informal settlements. All registered indigents have access to free basic electricity amounting to 50kWh per household per month.

Roads and Storm Water Service:
The Municipality has both surfaced and gravel roads. The surfacing of gravel roads is in line with the IDP of the Municipality. Some areas which did not have proper surfaced roads have been attended to in line with a multiyear municipal roads program.

Overall performance for the provision of basic services - 2015/16 FY

For the 2015/16 financial year the Municipality has extended the provision of basic services to new housing development, Obed Nkosi phase two, by ensuring that water, sanitation, electricity and refuse removal service are provided to the low cost housing development. The expansion of access to basic services is in line with all statutory planning documents which are aligned to the National Development Plan, Growth and Development Strategy and Integrated Development Plan.

The Municipality strives to ensure that residents within its locality have access to basic services as outlined in the constitution of the Republic of South Africa (Act 108 of 1996), furthermore it is acknowledged that access to basic services is also a housing issue. The eradication of informal settlements programs are key in addressing access to basic services.

Proportion of Households with minimum level of Basic Service

	2012/13 FY	2013/14 FY	2014/15 FY	2015/16 FY
Electricity service connections	90%	92%	92.2%	92.3%
Water - available within 200 m from dwelling	97%	99%	99.2%	99.3%
Sanitation - Households with at least VIP service	95%	98%	98.2%	98.2%
Waste collection - kerbside collection once a week	92%	94%	94.2%	94.3%

Though the Municipality strives to accelerate access to basic services to all the residents within its locality, the prevalence of informal settlements emanating from migration is still a challenge. People migrate from rural to urban areas in search of better life and humane conditions. Movement of people from the neighbouring countries into the Republic of South Africa also exerts pressure on the existing infrastructure and actual budgeting for provision of basic services.

1.3. FINANCIAL HEALTH OVERVIEW

The municipality realised a deficit of R7, 5 million for the financial year and this was mainly due to the estimated non-cash items (Depreciation R42.1 million, debt impairment R122 million) which does not necessarily mean that the municipality is in the red.

The municipality will continue to fully implement the credit control and debt collection policy and maintain the sound control environment during the 2015/16 financial year and to ensure improved, consistent and sustainable financial viability of the municipality.

Financial Overview: Year 2015/16 FY

R' 000			
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	137,132	137,798	129,836
Revenue from exchange transactions	405,780	384,748	422,127
Property Rates	85,592	90,891	89,841
Public contribution and Donation	-	-	-
Fines	5,163	5,664	47,684
Sub Total	633,667	664,324	689,008
Less: Expenditure	581,027	619,191	689,488
Net Surplus	52,640	45,133	-480

Operating Ratios 2015/16 FY

Detail	**%**
Employee Cost	21%
Repairs & Maintenance	3%
Finance Charges & Impairment	16%

Employee Costs - 21% of total operating expenditure. This is 9% below the expected norm of 30% mainly due to vacancies during the financial year.
Repairs and maintenance costs - 3% of total expenditure. This appears very low when compared to expected norm and was in line with the budget for the financial year.
Finance charges and impairment costs - 18% of total expenditure. Debt impairment for the year amounted to R112 million and at an average collection rate of 80% for the financial year; 1.67% ahead of target of 85%. Debt impairment is driven by payment of services by the municipality's consumers.

Total Capital Expenditure

R'000			
Detail	**2013/14 FY**	**2014/15 FY**	**2015/16 FY**
Original Budget	62,493	47,650	52,199
Adjustment Budget	56,338	74,585	45,086
Actual	43,005	55,017	31 737

The municipality spent 70% of its capital expenditure. 100% was spent on Municipal Infrastructure Grant except for R1.6 million unspent on libraries though it was committed as at 30 June 2016 and R1.4 million on INEG.
Of the own funded Capital expenditure the municipality spent 63% (R4.3 million) compared to a budget of R6.9 million due to unexpected spike of some operational expenditure which took cash from own funding capital expenditure. This was in line with the collection rate of 83.33% for the financial year as own funded projects depend on the extent to which the municipality is able to collect its revenue.

1.4. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2015/2016 FINANCIAL YEAR

The municipality maintained an unqualified audit opinion with findings on pre-determined objectives and compliance with laws and regulations.

The report of the Auditor General is attached as Annexure B of this report.

1.5. STATUTORY ANNUAL REPORT PROCESS

Annual Report Process	
No.	**Activity**
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).
3.	Finalize the 4th quarter Report for previous financial year.
4.	Submit draft year 2015/16 Annual Report to Internal Audit and Auditor-General.
5.	Municipal entities submit draft annual reports to the Municipal Manager.
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).
7.	Mayor tables the unaudited Annual Report.
8.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.
11.	Municipalities receive and start to address the Auditor General's comments.
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report.
13.	Audited Annual Report is made public and representation is invited.
14.	Oversight Committee assesses Annual Report.
15.	Council adopts Oversight report.
16.	Oversight report is made public.
17.	Oversight report is submitted to relevant provincial councils.
18.	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.

The Final Annual Report will be submitted and to the chairperson of the oversight committee in line with National Treasury guidelines.

CHAPTER 2 - GOVERNANCE

2.1 GOVERNANCE

Proper distinction has been made between role players conducting governance in the municipality. This distinction is essential because each group on the level of governance has specific responsibilities and therefore specific roles to play for which they are accountable. In accordance with the Municipal Systems Act (Act 32 of 2000), these roles should be subjected to performance and risk management and eventually to internal and external audit to verify the processes and the outcomes.

Councilors are elected by the community and therefore the community members hold Councilors responsible for service delivery and the implementation of Batho Pele Principles. The administration is appointed to execute the resolution of the Council and the administration is accountable to Council. Their roles and responsibilities are outlined in the planning documents of the council (IDP, Budget & SDBIP) are cascaded down to key employees of the municipality. The implementation thereof is monitored and reviewed on a quarterly basis.

POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality as indicated in the Constitution of the Republic of South Africa in terms of section 151 (3) has established structures as required by Municipal Structures Act to govern its affairs. The municipality comprises of 26 councillors.

- Executive Mayor
- Speaker
- Five (5) members of Mayoral Committee
- Thirteen (13) Ward Councillors
- Thirteen (13) PR Councillors

Through the delegated powers of authority the oversight responsibility is shared amongst the established council committees e.g. section 80/79.

The Municipal Manager is central in ensuring that the roles and the responsibilities of these structures of the municipality are implemented as outlined in the Municipal Systems Act, Municipal Structures Act and other related legislation. Included in his office is the Monitoring and Reporting function which deals with Performance and Risk Management as well as Internal Audit for the provision of assurance services.

2.2 POLITICAL GOVERNANCE

Key committees in Lesedi Local Municipalities are the following:

- Municipal Council
- Mayoral Committee
- Five Section 80 Committees
- Two Section 79 Committees i.e. MPAC and Petitions
- Performance and Audit Committee
- Remuneration Committee

POLITICAL STRUCTURE



MAYOR
(Cllr L F Maloka)

Functions

- Identify the needs of the municipality
- Review and evaluate these needs in order of priority;
- Recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan (IDP)
- Recommend or determine the best methods, including partnership and strategies, programmes and services to the maximum benefit of the community.



SPEAKER
(Cllr T S Moremi)

Functions

- Ensure that the council meets at least quarterly;
- Preside at meetings of the council;
- Maintain order during meetings;
- Ensure compliance in the council committees with the code of conduct set out in schedule 1 of the local government: municipal systems act, no. 32 of 2000;
- Ensure that council meetings are conducted in accordance with the rules and orders of the council.

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE



Cllr VA Madonsela
Development& Planning



Cllr T Tsoku
Finance



Cllr SM Sibeko
Infrastructure Service



Cllr ST Makhubu
Community Services



Cllr A Mokonane
Corporate Services


Cllr. LF Maloka
EXECUTIVE MAYOR
Cllr. TS Moremi
COUNCIL SPEAKER
LESEDI
Local Municipality
COUNCILLORS
MEMBERS OF THE MAYORAL COMMITTEE
Cllr. A Mokonane
Corporate Service
Cllr. TB Tsoku
FINANCE & ADMINISTRTION
Cllr. AV Madonsela
LOCAL ECONOMIC DEVELOPMENT & PLANNING
Cllr. ST Makhubu
COMMUNITY SERVICES
Cllr. SM Sibeko
SERVICE DELIVERY
WARD COUNCILLORS
Cllr. MP Mtshonyane
WARD 1 - ANC
Cllr. LJ Mokoena
WARD 2 - ANC
Cllr. TE Ramothibe
WARD 3 - ANC
Cllr. LL Batshege
WARD 4 - ANC
Cllr. SD Mkhwanazi
WARD 6 - ANC
Cllr. J Phalane
WARD 7 - ANC
Cllr. RS Loubser
WARD 8 - DA
Cllr. G Holtzhausen
WARD 9 - DA
Cllr. Adv. GL Coetzee
WARD 10 - DA
Cllr. MK Rakitla
WARD 11 - ANC
Cllr. BA Simelane
WARD 12 - ANC
Cllr. NK Vilakazi
WARD 13 - ANC
PR - COUNCILLORS
Cllr. EM Diamini
PR - ANC
CHIEF WHIP
Cllr. MNR Nkosi
PR - ANC
Cllr. RCA EBERWEIN
PR - ANC
Cllr. JM Lekala
PR - DA
Cllr. M Mulder
PR - DA
Cllr. RS Hlatswayo
PR - DA
Cllr. M Boshoff
PR - FF

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

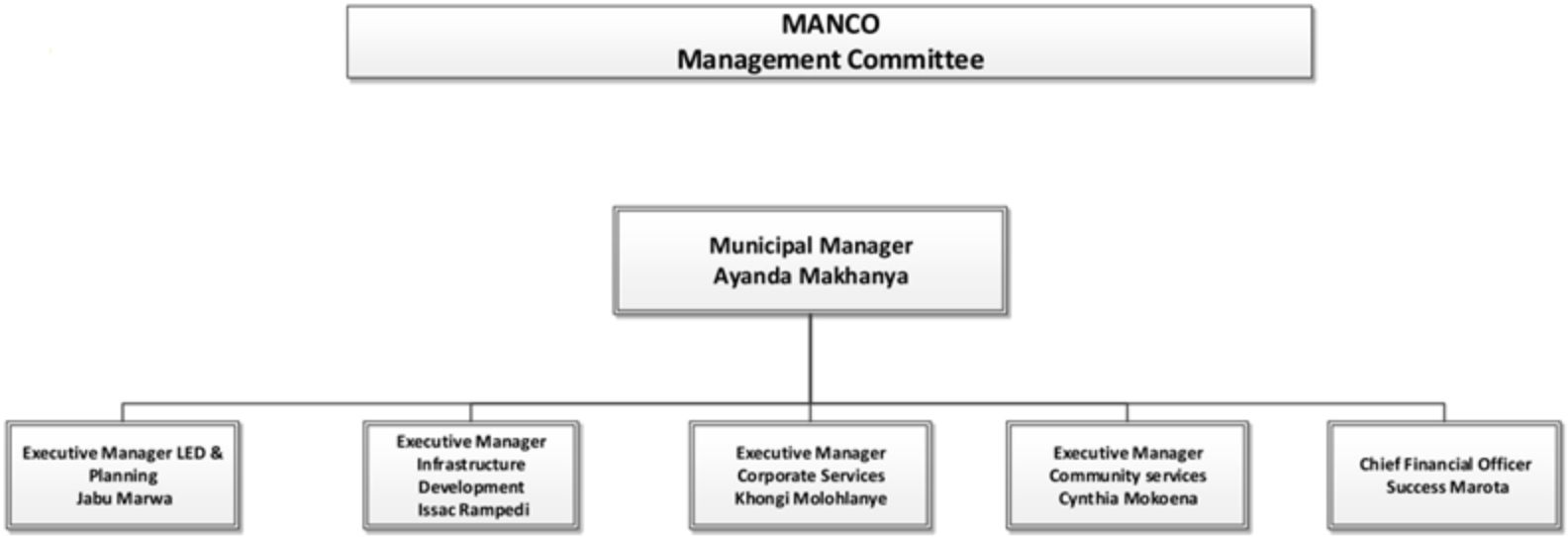
3.1 ADMINISTRATIVE GOVERNANCE

The Administrative Pillar is comprised of the Municipal Manager, five (5) Executive Managers responsible for the various respective departments.

In conjunction with the Council's leadership, the municipal manager's role is to drive the vision, mission and strategic direction of Lesedi as articulated in the Integrated Development Plan(IDP) of the municipality; Develop and implement business objectives, performance targets and operational efficiency of the Municipality; Set the tone at the top of the administration regarding the organisation's ethics, code of conduct and values; Provide leadership in the budgeting process guided by informed projections of revenues and expenditures, as well as oversee sound financial management and controls; Develop, foster, maintain and review key and strategic relationships with key stakeholders; Maintain an effective and reliable risk management and governance process and systems, Ensure the maintenance of a monitoring and evaluation function and processes to monitor all activities, programmes and projects; & Ensure compliance and adherence to the applicable legislation, regulations, policies and rules impacting on local government.

Items or reports are generated from departments and are tabled before the Senior Management Team (SMT). Items or reports agreed in this meeting are further tabled before the different Section 80 Committees and to the Mayoral Committee. The Mayoral Committee resolutions and recommendations are tabled before the Council. All decisions taken are implemented accordingly.

ORGANISATIONAL STRUCTURE



3.2. INTERGOVERNMENTAL RELATIONS

Lesedi Local Municipality operates within the prescripts of the Democratic Constitution of South Africa, 1996 where local government is one of the spheres of government. The promulgation of the Intergovernmental Relations Act provides a regulatory framework within which all the spheres of government interact.

The Municipality is not excluded and fully participates in all the intergovernmental structures that operate nationally. These structures enable the Municipality to contribute to legislative undertakings. Such structures operate within the framework of existing legislative to provide support and assist Municipalities to execute their legislative imperative.

Committees have been set up vertically and horizontally to execute intergovernmental responsibilities. Grants and various support mechanisms are deliberated along the provisions expressed in various pieces of legislation. Most of these forums are coined along the lines of various government functions. They take the form of Members of Executive Councils and Members of Mayoral Committees forums, Premiers Coordination Forums, Municipal Manager's Forum, Chief Financial Officers forums. These forums operate within the sphere of organised local government within the auspices of the South African Local Government Association, District Municipalities and Pan-Municipal Departments where policy and programmatic schedules are determined.

The National Government has seconded Municipal Infrastructure Support Agency (MISA) to assist the municipality on service delivery initiatives. Further the National Government has channeled funds through Neighbourhood Development Partnership Grant for the beautification of the township (NDPG).

The municipality forms part of the Premier's coordinating forums, Provincial Sector Intergovernmental which comprises of MEC, MMCs and the sectoral technical IGR Forums which comprise of senior officials. There are also ongoing and regular engagements with different provincial government departments. The rate of payment of debt by other spheres of government remains a challenge that the municipality should focus on going forward.

Lesedi Local Municipality forms part of the District wide IGR processes. Such structures are: Joint Mayoral Committee, CFO forum and Joint Municipal Managers.

PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality has 13 wards; out of 13 wards we have established 13 sectors based Ward Committees. Ward Committee Policy has been developed and approved by Council and it's reviewed annually. The Public Participation Policy has also been approved with Standard Operational Procedures.

- We have 14 Council sitting including Special Council.
- We have convened 20 Public meetings and 26 Ward Committee meetings.
- Six (6) IDP stakeholders Forum meetings.
- Six (6) Imbizo were held.

3.3 PUBLIC MEETINGS

IDP/ BUDGET COMMUNITY FORUMS

The main structure for public participation is the IDP/ Budget Stakeholder Representative Forums. These forums were constituted by all organized formations within the municipal space which are invited to register their contact details in our data base to be included as members of the Stakeholders Forum.

The members of the IDP/ Budget Representative forums were invited in writing and through SMS system to the meetings.

A total of six IDP/budget stakeholder forums were held in the previous financial year of which one of the forums were held in Ratanda (targeting communities of Ratanda, Heidelberg and Jameson Park) and the remainders of meetings were held at Impumelelo/Devon and Vischkuil/ Endicott and surrounding areas. The municipality also paid for the travelling costs for representatives from areas such Jameson Park, Sedaven and Kwazenzele.

Furthermore, the scheduling of meetings took place to meet the requirements of the majority of the participants. Though the material and documents handed to the participants were written in English, the meetings are mostly addressed in African Languages. All meeting are well attended and the attendance registers are kept for future reference.

IDP/ Budget meetings are always attended by stakeholders derive from our municipal data base; ward committee members; Community Development Workers; District Reps and NGO's.

Ward Committees are part of the process and review of the integrated development plan (IDP).They support the Council on performance by means of the approved PRMS management system. They make inputs and ensure participation during the review of Council budget. Participate with strategic decision making relating to the provision of municipal services. They act as advisory committee to the Ward Councillor.

3.4 IDP PARTICIPATION AND ALIGNMENT

Public Meetings						
Nature and Purpose of Meeting	**Date of Events**	**No. of Participating Municipal Councillors**	**No. of Participating Municipal Administrators**	**No. of Community Members Attending**	**Issue Addressed (Yes/No)**	**Dates and manner of feedback given to community**
Ward 1 Public Meetings	22 July 2015; 20 Aug 2015; 3 Dec 2015; 17 Feb 2016	Two Councillors per meeting	One	170 to 200 per meeting	Yes	20 August 2015; 17 Feb 2016
Ward 2 Public Meeting	6 Dec 2015; 21 Feb 2016;	Two Councillors per meeting	One	170 to 200 per meeting	Yes	21 Feb 2016
Ward 3 Public Meeting	5 Nov 2015; 16 Mar 2016;	Two Councillors per meeting	One	80 to 100 per meeting	Yes	16 Mar 2016
Ward 4 Public Meeting	9 Dec 2015	Two Councillors per meeting	One	100 to 150 per meeting	Yes	No Feedback meeting
Ward 5 Public Meeting	12 July 2015	Two Councillors per meeting	One	130 to 150 per meeting COUNT	Yes	No feedback meeting
Ward 6 Public Meeting		Two Councillors per meeting	One	150 to 200 per meeting	Yes	
Ward 7 Public Meeting	26 July 2015; 30 Jul 2015; 3 Sep 2015; 1 Nov 2015; 7 Feb 2016.	Two Councillors per meeting	One	150 to 200 per meeting	Yes	30 Jul 2015 and 1 Nov 2015
Ward 8 Public Meeting	None	0	0	0	No	No feedback
Ward 9 Public Meeting	None	0	0	0	No	No feedback meetings
Ward 10 Public Meeting	10 Jul 2016	One	One	50 100 per meeting	No	No feedback meetings
Ward 11 Public Meeting	20 May 2016	Two Councillors per meeting	One	150 to 200 per meeting	Yes	No feedback meetings
Ward 12 Public Meeting	04 Oct 2015	Two Councillors per meeting	One	30 to 50 per meeting	Yes	No feedback meetings

Public Meetings						
Nature and Purpose of Meeting	**Date of Events**	**No. of Participating Municipal Councillors**	**No. of Participating Municipal Administrators**	**No. of Community Members Attending**	**Issue Addressed (Yes/No)**	**Dates and manner of feedback given to community**
Ward 13 Public Meeting	23 Aug 2015	Two Councillors per meeting	One	40 to 70 per meeting	Yes	No feedback meetings
Ratanda IDP/ Budget Stakeholder forum - Presentation of the municipal status quo and projects	18/02/2015	12	8	189	Yes	Feedback meeting held on 06/05/2015
Devon IDP/ Budget Stakeholder forum - Presentation of the municipal status quo and projects	19/02/2015	11	8	169	Yes	Feedback meeting held on 17/05/2015
Vischkuil IDP/ Budget Stakeholder forum - Presentation of the municipal status quo and projects	17/02/2015	7	9	153	yes	13/05/2015
Ratanda IDP/ Budget Stakeholder forum - providing feedback on the issues raised	06/05/2015	12	11	209	Yes	

Public Meetings						
Nature and Purpose of Meeting	**Date of Events**	**No. of Participating Municipal Councillors**	**No. of Participating Municipal Administrators**	**No. of Community Members Attending**	**Issue Addressed (Yes/No)**	**Dates and manner of feedback given to community**
from the previous meeting						
Devon IDP/ Budget Stakeholder forum - providing feedback on the issues raised from the previous meeting	17/05/2015	7	9	166	Yes	
Ratanda IDP/ Budget Stakeholder forum - Presentation of the municipal status quo and projects	18/02/2015	12	8	189	Yes	Feedback meeting held on 06/05/2015

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

CORPORATE GOVERNANCE

The municipality has Corporate Governance structures in place i.e. Audit Committee, MPAC, Section 80 committees, LLF, Management Committee, Mayoral Committee and Council. All these committees exercise different oversight at different intervals according to their roles and responsibilities. Policies and systems before being approved by Council go through these committees. Procedures are in place and are annually reviewed.

3.5 RISK MANAGEMENT

The municipality has an approved Risk Management Policy and Framework in place. A risk assessment workshop was conducted during the 2015/16 financial year to identify strategic risks. The risks identified as per the Strategic Risk Report are as follows:

Strategic Objectives	Risk ID	Risk	Inherent Impact	Inherent Likelihood	Inherent Risk Ratings	Residual Impact	Residual Likelihood	Residual Risk Ratings
Continuously create a conducive environment through the implementation of organisational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.	1	Ineffective change management.	5.00	5.00	25.00	00	4.00	20.00
	2	Inability to continue with business in the event of a disaster.	5.00	2.00	10.00	3.00	2.00	6.00
	3	Compromised Security.	5.00	5.00	25.00	5.00	4.00	20.00
	4	Ineffective provision of quality services.	5.00	5.00	25.00	4.00	3.00	12.00
	5	Loss of information	5.00	5.00	25.00	5.00	5.00	25.00
	6	Litigation.	5.00	5.00	25.00	4.00	3.00	12.00
	7	High maintenance cost.	5.00	4.00	20.00	4.00	3.00	12.00
To improve access to sustainable basic services.	8	Inability to provide sustainable basic services to the community.	5.00	5.00	25.00	4.00	4.00	16.00
To facilitate growth and development of the local economy, through amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and	9	Inability to initiate economic development.	5.00	5.00	25.00	5.00	4.00	20.00
	10	Illegal economic activities.	5.00	5.00	25.00	5.00	4.00	20.00
	11	Inability for the public and the private sector to forge partnerships.	5.00	5.00	25.00	5.00	4.00	20.00

Strategic Objectives	Risk ID	Risk	Inherent Impact	Inherent Likelihood	Inherent Risk Ratings	Residual Impact	Residual Likelihood	Residual Risk Ratings
poverty reduction for the communities.								
To instil good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance, accountability and public participation.	12	Inability to instil good governance.	5.00	5.00	25.00	5.00	4.00	20.00
	13	Fraud and corruption.	5.00	5.00	25.00	5.00	4.00	20.00
	14	Loss of public confidence in public consultations.	5.00	5.00	25.00	5.00	4.00	20.00
To foster effective and efficient Inter-Governmental Relations (IGR).	15	Ineffective Inter-Governmental structures and processes.	5.00	4.00	20.00	5.00	4.00	20.00
To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP.	16	Poor expenditure management and controls.	5.00	5.00	25.00	5.00	3.00	15.00
	17	Non-compliance with SCM Policies	5.00	5.00	25.00	4.00	4.00	16.00
Sound financial management systems	18	Ineffective contract management.	5.00	5.00	25.00	4.00	3.00	12.00
	19	Inaccurate and late financial reporting.	5.00	4.00	20.00	3.00	3.00	9.00
To promote a healthy and safe environment which supports and creates an	20	Irregular, wasteful, fruitless and unauthorised expenditure.	5.00	5.00	25.00	4.00	4.00	16.00

Strategic Objectives	Risk ID	Risk	Inherent Impact	Inherent Likelihood	Inherent Risk Ratings	Residual Impact	Residual Likelihood	Residual Risk Ratings
environmentally educated society.	21	Non-compliance with National Environmental Management Act (NEMA).	5.00	5.00	25.00	4.00	4.00	16.00
	22	Failure to collect revenue.	5.00	5.00	25.00	5.00	4.00	20.00
To improve access to sustainable basic services.	23	Water distribution losses	5.00	5.00	25.00	4.00	5.00	20.00
	24	Electricity distribution losses	5.00	5.00	25.00	5.00	4.00	20.00
	25	Non-Compliance with the Blue Drop System	5.00	5.00	25.00	4.00	4.00	16
	26	Non-compliance with the Green Drop System	5.00	5.00	25.00	5.00	4.00	20.00
	27	Deterioration on the standards and quality of roads and storm water drains	5.00	5.00	25.00	4.00	5.00	20.00

FRAUD AND ANTI-CORRUPTION STRATEGY

Lesedi Local Municipality is affiliated with DPSA Fraud Hotline system wherein members of the community can report Fraud and Corruption. This system is accessible 24 hours community member leaves messages which are then forwarded to the office of the Municipal Manager.

The Anti-Fraud and Corruption Committee duties are conducted by the Audit Committee due to the size of the Municipality.

A dedicated line has been created for reporting fraud and corruption. The hot line number has been publicized on all municipal vehicles and on the website.
Furthermore, the municipality has developed a Fraud Prevention Policy and Plan to set down the stance of the Municipality on fraud and corruption and to re -inforce existing systems, policies, procedures rules and regulations of the Municipality aimed at deterring preventing, reacting to and likelihood of fraud and corruption.

3.6 SUPPLY CHAIN MANAGEMENT

The Lesedi Local Municipality's Supply Chain Management (SCM) Policy was reviewed and adopted by council as required. The requirements as stated under Section 112(h) of the MFMA were fully complied with. LLM's SCM policy complies fully with the SCM Regulations as gazette.

3.7 BY-LAWS

33 by-laws were developed and sent for promulgation. Only SPLUMA was promulgated through the intervention of the Department of Rural Development and Land Reform. The rest could not be promulgated due to financial constraints; however the legal department will endeavour to publish the nine priority by-laws in the next financial year.

3.8 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	Yes	4/06/2015
All current budget-related policies	Yes	04/06/2015
The previous annual report	No	Not published
The annual report 2015/16 published/to be published (Draft)	Yes	28 September 2016
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes	25 October 2015
All service delivery agreements	Yes	Not published
All long-term borrowing contracts	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for 2015/2016	Yes	22 July 2016.
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2015/16	Yes	Not published
Contracts agreed in 2014/15 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	Not published
Public-Private Partnership agreements referred to in section 120 made in 2014/15	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2015/16	Yes	Not published
Lesedi did bid in the Nelson Mandela birth day	Yes	16 January 2016
Lesedi Municipality introduces E statements	Yes	18 March 2016
Easter Road Safety Campaign	Yes	18 March 2016
State of Municipal Address	Yes	18 June 2016
Tariffs schedule 2015/2016	Yes	30 June 2016

All of the information required for a municipality's website, as set out in MFMA section 75 is updated. The public can access our website from Libraries.

3.9 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality conducted an external appraisal survey once during 2015/16 financial year, whereby the community was afforded an opportunity to assess the level of satisfaction received from Council.

External Appraisal Questionnaires are made available at all Libraries/Clinics/ Pay Points / Political Offices and the Offices of Management for completion by the public. The reporting level will be improved in 2016/2017 financial year for ease of reference.

Municipal Offices (Administrative Pillar) Satisfaction Survey Undertaken for 2015/2016 FY				
Subject matter of survey		**Total Participants**	**High Risk Survey Results %**	**Comparative Outcome over two consecutive surveys**
Communication	Switchboard	405	40 %	42.48% of the participants agree that communication from the municipal offices can improve against the previous 40.03%
	Other Verbal	400	45 %	
	Written	370	42.43 %	
Customer Care & Bath Pele Principles	Municipal Manager	331	49.24 %	45.12% of the participants agree that Complaints received by the community can improve against the previous 36.82%
	Financial Services	376	53.72 %	
	Development & Plan	347	42.65 %	
	Engineering Services	333	45.05 %	
	Community Services	353	39.09 %	
	Corporate Services	332	40.96 %	
Basic Services	Water	407	40.05 %	38.52% of the participants agree that basic services can improve against the previous 35.51%
	Electricity	413	51.82 %	
	Sewer	400	32.56 %	
	Refuse	399	32.56 %	
	Stormwater	387	35.66 %	
Infrastructure	Roads	401	39.15 %	42.13% of the participants agree that the infrastructure in towns can improve against the previous 37.41%
	Streetlights	401	46.13 %	
	Road Signs	394	41.12 %	
Clean Town	Side Walks	393	38.93 %	43.95% of the participants agree that the neatness of the towns can improve against the previous of 40.36%
	Park Areas	363	44.63 %	
	Open Spaces	366	45.90 %	
	Town Entrances	380	46.32 %	

In the year under review minimum survey was conducted but for improvement reliance was placed on the 2014/2015 financial year public satisfaction reports which have helped to steer the municipality in the right direction in terms of ensuring that community needs are assessed, addressed and promotes improved service delivery.

3.10 SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

The Department's key performance areas as outlined in the IDP are municipal transformation and institutional development, basic service delivery, financial viability and management, good governance & public participation and cross cutting issues. The provision of basic services to the communities has increased on annual basis.

Some of the performance highlights for the 2015/16 financial year were:

- Electrification of 175 households in Obed Nkosi Township, Phase 3.
- Upgrading of approximately 2.7 km gravel roads to paving and installation of the associated storm-water network in ward 12.
- Connection of all needs-driven service connections.
- Repair of service interruption faults within norms & standards.
- Reduction in theft and vandalism of the existing networks
- Refurbishment of traffic lights in Heidelberg and Ratanda CBD to comply with legislation

BASIC SERVICES

South Africa as one of the developmental state is currently faced with challenges that lead to service delivery protests from members of the public, thus Lesedi Local Municipality as a local sphere of government is not immune to such nationwide challenges. The municipality strives to provide quality and affordable services to all its residents, even though there are challenges that emanate from urbanization and soft borders which exert significant pressure on the infrastructure and the general waste production patterns.

The Municipality does not have an authorised landfill site to address waste disposal challenges in terms of the minimum requirements. The municipality has acquired a waste management license to construct a landfill site in Devon. Waste generated within the municipality is currently disposed of in Ekurhuleni Metropolitan Municipality's landfill sites.

3.11 WATER PROVISION

Total Use of Water by Sector (cubic meters)					
	Agriculture	**Forestry**	**Industrial**	**Domestic**	**Unaccountable water losses**
2012/13	0	0	574642	4585235	1238024
2013/14	0	0	412017	6046200	1696502
2014/15	0	0	202677	6668329	2564229
2015/16	0	0	298969	5131033	1378709

The domestic sector remains the biggest consumer, followed by the industrial sector. The rationale behind the prevailing trend in terms of consumption is on the basis that developments that are housing related in nature are increasing given that, Lesedi Local Municipality still remains the only Municipality that still have land available for housing developments in the traditional East Rand Area.

Daily annual average daily demand has increased over the years for the industrial sector, due to expansions within the sector. Though the Municipality is semi-rural in nature with the high potential for agriculture, the Municipality does not provide potable water for agriculture therefore the surface and ground water consumption is not readily available. The unaccountable water level for the municipality is currently at 20.2%. The figure relates to losses that exist due to aging infrastructure, inadequate billing, theft and vandalism on the infrastructure.

The Municipality in partnership with the Department of Corporative Governance and Traditional Affairs as part of the support to the Municipality through the Municipal Infrastructure Support Agent has developed a comprehensive multiyear Water Conservation and Water Demand Management Strategy/Plan. The main objective of the strategy is to ensure that revenue is enhanced through the reduction of water losses.

Households - Water Service Delivery Levels below the minimum						
						Households
Description	**2012/13 FY**	**2013/14 FY**	**2014/15 FY**	**2015/16 FY**		
	Actual	**Actual**	**Actual**	**Target**	**Actual**	**Total**
	No.	**No.**	**No.**	**No.**	**No.**	**No.**
Formal Settlements:						
Total households	30383	30803	32239	1133	624	32863
Households below minimum service level	108	108	108	108	108	108
Proportion of households below minimum service level	0.35%	0.35%	0.33%	9.53%	17.30%	0.32%
Informal Settlement:	**3400**	2789	2489	3492	3492	3492
Total households	33891	33700	34836	4733	4224	36463
Households Is below minimum service level	108	108	108	108	108	108
Proportion of households is below minimum service level	0.31%	0.32%	0.31%	2.28%	2.56%	0.29%

Access to Water			
Period	**Proportion of households with access to water points**	**Proportion of households with access to piped water**	**Proportion of households receiving 6 kl free**
2012/13	90%	92%	5%
2013/14	95%	92%	7%
2014/15	99%	93%	*13%*
2015/16	99%	93%	*13%*

The table above means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute. 6,000 litres of potable water supplied per formal connection per month.

Water services 2015/16 FY						
Service Objectives	**Outline Service Targets**	**2014/15 FY**		**2015/16 FY**		
		Target	**Actual**	**Target**		**Actual**
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**	
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**
Service Objective: To improve access to sustainable basic services						
Provision of needs driven services	% of needs driven service connections implemented	100%	100%	100%	100%	100%
Revenue enhancement through reduction in water losses	Water distribution losses not to exceed 35%	22%	23.5%	22%	20%	20,2%
% of households with access to basic services	% of households in the Municipality with access to basic levels of water.	98%	97%	98%	99%	99%

Employees: Water Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	0	0	0	0	0%
4 - 6	36	36	33	2	0.10%
7 - 9	6	6	4	2	0%
10 - 12	9	9	8	0	0%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	53	53	47	4	0.1%

Financial Performance 2015/16 FY : Water Services					
					R'000
	2014/15 FY	2015/16 FY			
Details	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	72,314	96,833	114,104	86,453	76%
Expenditure:					
Employees	7,554	7,045	7,519	8,522	-13%
Repairs and Maintenance	1,663	2,477	2,135	2,202	-3%
Other	69 963	62,061	59,204	75,654	-28%
Total Operational Expenditure	79,180	71,583	68,858	86,378	-25%
Net Operational Expenditure	-6,866	25,250	45,246	75	0.2%

Capital Expenditure 2015/16 FY : Water Services					
					R' 000
	2015/16 FY				
Capital Projects	**Budget**	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total	22 528	–	9812	–	22 528
Construction of water feeder pipeline Kwazenzele Phase 2	7 426	–	5849	–	7 426
Construction of Vischkuil Reservoir	15 102	-	3963	-	15 102
Both projects are multi-year and hence they overlapped into 2016/17 financial year					

Based on the challenges that were encountered by the Municipality in terms of the cash-flow, most of the water projects were put on hold because they were internally funded by the Municipality and thus no water projects were funded for the current financial year. However most of the water related projects that will be coming in the outer financial years will be linked to housing developments.

Generally the Municipality is on the right track in the provision of potable water to its communities, the current 99% provision by the Municipality includes other sources like ground water utilization in rural communities and water supplied through tanker services to remote areas. The initiative as a temporary measure clearly indicates the Municipality's commitment in ensuring that the constitutional mandate as a Water Services Authority and Provider is adhered to in terms of the Constitution and the Bill of Rights.

3.12 WASTE WATER (SANITATION) PROVISION

The basic Services Policy of 2001 guarantees access to a minimum level of sanitation which is defined as households having access to, at the minimum, a ventilated pit latrine also known as a VIP toilet. This standard of service delivery is deemed necessary to ensure human dignity and prevent the spread of diseases. The access level was at 98% in the 2015/16 financial year.

There are four waste water works with varying capacities within the municipal locality, two of the waste water works are operated by the East Rand Water Care Company (ERWAT), through a service level agreement with the Municipality. The general performance of the Municipality in terms of the Green drop incentive based regulation as developed by the Department of Water and Sanitation, has improved since the inception of the programme.

Provision of sanitation services to poverty stricken areas still remains a priority of the Municipality. The areas that are geographically situated in a way that excludes them from access to adequate sanitation due to infrastructure coverage still remains a challenge. Ventilated Improved Pit latrines are provided as a minimum level of service to some informal settlements and some rural areas.

The bucket sanitation has been eradicated in Ratanda informal settlements and replaced with chemical toilets at a ratio of 1:4. The eradication of the bucket system was supported by the Department of Corporative Governance and Traditional Affairs. The reduction of informal settlements by the Department of Human Settlement in conjunction with the Municipality will ensure that sanitation related backlogs within the Municipality are reduced/addressed.

Sanitation Service Delivery Levels				
				Households
Description	**2012/13 FY**	**2013/14 FY**	**2014/15 FY**	**2015/16 FY**
	Outcome	**Outcome**	**Outcome**	**Actual**
	No.	**No.**	**No.**	**No.**
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	26400	27658	27833	28333
Flush toilet (with septic tank)	800	800	800	802
Chemical toilet	0	60	60	60
Pit toilet (ventilated)	259	259	259	259
Other toilet provisions (above minimum service level)	0	0	0	0
Minimum Service Level and Above sub-Total	27459	28717	28892	29454
Minimum Service Level and Above Percentage	98.2%	98.2%	98.3%	98.4
Sanitation/sewerage: (below minimum level)				
Bucket toilet	58	0	0	0
Other toilet provisions (below minimum service level)	24	24	24	24
No toilet provisions	0	0	0	0
Below Minimum Service Level sub-Total	82	24	24	24
Below Minimum Service Level Percentage	0.3%	0.1%	0.1%	
Total households	27541	28741	28916	29478
An increase in the total number of households having access to sanitation is due to the ongoing housing Project (Obed Nkosi Township).				

Waste Water (Sanitation) Service Policy Objectives Taken From IDP						
Service Objectives	**Outline Service Targets**	**2014/15 FY**		**2015/16 FY**		
		Actual	**Target**	**Target**		**Actual**
Service Indicators				**Previous Year**	**Current Year**	
(i)	**(ii)**			**(v)**	**(vi)**	**(vii)**
Service Objective: To improve access to sustainable basic services						
To maintain the existing sewer infrastructure	By attending to all complaints received	100%	100%	100%	100%	100%
To increase access to sanitation service	By installing 100 percent of new applications received	100%	100%	100%	100%	100%

Employees: Sanitation Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	0	0	0	0	0%
4 - 6	36	48	47	1	2%
7 - 9	6	15	15	0	0%
10 – 12	9	9	9	0	0%
13 – 15	2	2	2	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	53	75	74	1	1%

Financial Performance 2015/16 FY : Sanitation Services					
					R'000
	2014/15 FY	2015/16 FY			
Details	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	22,627	23,029	37,341	25,092	67%
Expenditure:					
Employees	4,229	6,009	5,683	4,395	77%
Repairs and Maintenance	1,701	2,145	1,883	2,064	-9%
Other	15 632	14,448	12,730	17,289	-36%
Total Operational Expenditure	21 562	22,602	20,296	23,748	-18%
Net Operational Expenditure	1,065	427	17,045	1,344	8%

Capital Expenditure 2015/16 FY : Sanitation Services					
					R' 000
	2015/16 FY				
Capital Projects	**Budget**	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	13,129	13,129	836	64%	N/A
Network Upgrading – Lesedi	500	500	345	69%	The total project value will depend on the figures that will be obtained when an environmental audit has been conducted.
Upgrading of Kwazenzele sewer plant	12,629	1,160	491	42%	The total project value will be determined by the approved designs when authorization has been granted.
▪ The upgrading of Kwazenzele Sewer Plant is currently on feasibility stage/EIA. ▪ Network upgrading –Lesedi Project has been stopped by GDARD due to environmental issues.					

For the current financial year only one project was approved and budgeted for by the Municipality, which is the upgrading of the sewer line to the Heidelberg Industrial Area. The project is been put on hold due to environmental challenges raised by the Gauteng Department of Agriculture and Rural Development.

3.13 ELECTRICITY

Household's access to electricity is an important determinant of socio-economic welfare with most non electrified households typically living in poverty. Households with access to electricity are able to reallocate their time away from the collection of wood and other lighting materials. They are also less likely to suffer health complications from smoke and chemical inhalation. Access to media and other communication is greater resulting in a better informed population, and students living in the home are better equipped to perform well in school.

The basic services policy adopted by 2001 addresses the right of all households, particularly those living in poor areas, to access a minimum amount of free basic electricity. This implies that distribution networks must be extended to ensure that all households are able to access the electricity grid.

Access to electricity for the Lesedi Local Municipality as compared to Sedibeng DM and Gauteng Province indicate that in 2001 approximately 71% of households in Lesedi Local Municipality have access to electricity for lighting.

The Lesedi Local Municipality has made progress in terms of electricity access with more households connected to electricity in 2015/16 than in 2014/15, increasing access from 92% to 93%. from smoke and chemical inhalation. Access to media and other communication is greater resulting in a better informed population, and students living in the home are better equipped to perform well in school.

The basic services policy adopted by 2001 addresses the right of all households, particularly those living in poor areas, to access a minimum amount of free basic electricity. This implies that distribution networks must be extended to ensure that all households are able to access the electricity grid.

Access to electricity for the Lesedi Local Municipality as compared to Sedibeng DM and Gauteng Province indicate that in 2001 approximately 71% of households in Lesedi Local Municipality have access to electricity for lighting.

The Lesedi Local Municipality has made progress in terms of electricity access with more households connected to electricity in 2015/16 than in 2014/15, increasing access from 92% to 93%. This progress is much more rapid than at the District and Provincial level indicating a significant amount of infrastructure investment.

Electricity Service Delivery Levels				
				Households
Description	**2012/13 FY**	**2013/14 FY**	**2014/15 FY**	**2015/16 FY**
	Actual	**Actual**	**Actual**	**Actual**
	No.	**No.**	**No.**	**No.**
Energy: (above minimum level)				
Electricity (at least minimum service level)	30383	30803	32239	32454
Electricity - prepaid (minimum service level)	14019	14326	15752	15967
Minimum Service Level and Above sub-total	30383	30803	32239	32454
Minimum Service Level and Above Percentage	100.0%	100.0%	100.0%	100.0%
Energy: (below minimum level)				
Electricity (< minimum service level)				
Electricity - prepaid (< min. service level)				
Other energy sources				
Below Minimum Service Level sub-total	–	–	–	–
Below Minimum Service Level Percentage	0.0%	0.0%	0.0%	0.0%
Total number of households	29833	30383	30803	32454

Households - Electricity Service Delivery Levels below the minimum						
						Households
Description	2012/13 FY	2013/14 FY	2014/15 FY	2015/16 FY		
	Actual	Actual	Actual	Target	Actual	Total
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	30383	30803	30803	175	175	32529
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0	0	0	0	0	0
Informal Settlements	3920	3400	2789	0	0	3492
Total households	30383	30803	30803	175	175	32529
Households is below minimum service level	0	0	0	0	0	0
Proportion of households is below minimum service level	100%	100%	100%			100%

Electricity Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2014/15 FY		2015/16 FY		
		Target	Actual	Target		Actual
Service Indicators		Previous Year		Previous Year	Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective: To improve access to sustainable basic services						
To maintain the existing electricity infrastructure	By attending to all complaints received	100%	100%	100%	100%	100%
To increase access to electricity service	By installing 100 percent of new applications received	100%	100%	100%	100%	100%
Revenue enhancement through reduction in electricity losses	Electricity distribution losses not to exceed 10%	12%	14%	14%	12%	14%
% of households with access to basic services	% of households in the Municipality with access to basic levels of Electricity.	91%	91%	90%	93%	93%

Employees: Electricity Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 3	0	0	0	0	0%
4 – 6	14	18	16	0	0%
7 – 9	10	14	12	0	0%
10 - 12	13	21	9	2	0%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	40	56	40	2	0%

Financial Services 2015/16: Electricity Services					
Details	**2014/15 FY**	**2015/16 FY**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	230,002	258,692	267,641	270,423	-1%
Expenditure:					
Employees	9,403	8,156	7,691	11,766	-53%
Repairs and Maintenance	10 860	10,484	10,185	9,393	92%
Other	182 041	216,938	231,470	232,734	-1%
Total Operational Expenditure	202,304	235,578	249,346	253,893	-2%
Net Operational Expenditure	27 698	23,114	18,295	16,530	90%

Capital Expenditure 2015/16 FY : Electricity Services					
					R' 000
Capital Projects	**2015/16 FY**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total	11,500	7,400	4,580	6,920	11,500
Electrical Reticulation	9,000	5,400	3,164	5,836	9,000
Traffic lights	2,500	2,000	1,415	585	2,500

In the 2015/16 financial year, 175 households were electrified at Obed Nkosi Township and traffic lights in Heidelberg and Ratanda CBD were refurbished. The negative adjustment and the non completion of electrification of houses was due to unavailabilty of houses to electrify. The number of houses that were committed by human settlement were not constructed at the end of 2015/16 financial year.

3.14 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The final aspects of the service delivery guaranteed in the Basic Services Policy of 2001 are the provision of refuse removal by a municipal authority or entity. In the absence or regular refuse removal communities are faced with severe hygiene challenges, resulting in poor living conditions and likelihood that diseases will spread.

When comparing refuse removal services in the Lesedi LM to the Sedibeng DM and Gauteng Province in 2001 and 2015, it shows that the portions of households in the Lesedi LM which receive refuse removal at least once a week increased from 62.8% of households in 2001 to 94% in 2015.

Most of the settlements within the Municipality have access to once a week kerb side collection, except Ratanda Township which has two collections per week. The business sector has three collections per week.

Refuse Removal Collection Frequency

Category	Frequency/week
Domestic	1-2
Business	3
Commercial	1-2
Industrial	3
Informal Settlements	1

Solid Waste Service Delivery Levels				
				Households
Description	2012/13 FY	2013/14 FY	2014/15 FY	2015/16 FY
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	26773	27804	29540	29715
Minimum Service Level and Above sub-total	26773	27804	29540	29715
Minimum Service Level and Above percentage	80%	92%	94%	94%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	0	0	0	0
Using communal refuse dump	3400	2789	2489	3492
Using own refuse dump	210	210	210	210
Other rubbish disposal	-	-	-	
No rubbish disposal	-	-	-	
Below Minimum Service Level sub-total	3610	2999	2699	3702
Below Minimum Service Level percentage	20%	8%	6%	6%
Total number of households	30383	30803	32239	33417

Households - Solid Waste Service Delivery Levels below the minimum						
						Households
	2012/13 FY	2013/14 FY	2014/15 FY	2015/16 FY		
Description	Actual	Actual		Target	Actual	Total
Formal Settlements						
Total households	26773	27804	29540	1133	500	29715
Households below minimum service level	101	101	101	101	101	101
Proportion of households below minimum service level	0.37%	0.36%	0.34%	8.91%	20.2%	0.34%
Informal Settlements	3400	2789	2489	3492	3492	3492
Total households	30274	30694	32130	4726	4093	33308
Households is below minimum service level	101	101	101	101	101	101
Proportion of households is below minimum service level	0.33%	0.32%	0.31%	2.14%	2.47%	0.3%

Service Objectives	Outline Service Targets	2014/15 FY		2015/16 FY		
		Target	Actual	Target		Actual
Service Indicators		Previous Year		Previous Year	Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective: To improve access to sustainable basic services						
Improve community health and safety	% of households provided with refuse removal service	92%	92%	94%	94%	94%
Improve community health and safety	% compliance to refuse removal schedule	95%	100%	95%	95%	96%

Employees: Solid Waste Management Services					
Job Level	2014/15 FY	2015/2016 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	37	30	30	0	0%
7 - 9	6	6	6	0	0%
10 – 12	3	3	3	0	0%
13 – 15	0	0	0	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	47	31	31	0	0%

Employees: Waste Disposal and Other Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 3	0	0	0	0	0%
4 – 6	11	11	11	0	0%
7 – 9	4	4	4	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	**15**	**15**	**15**	**0**	**0%**

Financial Performance 2015/2016 FY: Solid Waste Management Services					
					R'000
Details	**2014/15 FY**	**2015/16 FY**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	26,545	28,534	29,400	28,707	98%
Expenditure:					
Employees	7,261	5,990	6,333	7,702	-22%
Repairs and Maintenance	15	1,357	870	912	-5%
Other	19 100	10,534	15,685	22,678	-45%
Total Operational Expenditure	26,376	17,881	22,888	31,171	-36%
Net Operational Expenditure	169	10,653	6,512	-2,464	38%

Capital Expenditure 2015/16 : Waste Management Services					
					R' 000
Capital Projects	**2015/16**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	–	–	–	–	–
	–	–	–	–	–
	–	–	–	–	–
Refuse Truck	–	–	–	–	–
There was no budget allocated for the year under review.					

Waste Services

The Construction and rehabilitation Projects have been deferred to the 2016/17 financial year due to other pressing priorities (Provision of bulk services in Kwazenzele Phase 2 housing project). Generally the collection of refuse has improved tremendously, however there is a need for waste minimization initiatives as a requirement of the National Environment Management Waste Act 59 of 2009 and the Integrated Waste Management Plan of the Municipality.

The provision of basic refuse removal service was extended to Obed Nkosi Township phase two in 2015/16.

Housing Services

Over the years the LLM has managed to facilitate the delivery of over 9000 houses and formalized 705 informal stands in the area. The municipality has been able to address about 60% of housing delivery backlogs, however due to continuous migration problems into the area, the housing backlog remains high.

The LLM has put in place mechanisms to monitor & control land invasions in the area and an audit of all informal settlements were conducted by the service provider. Furthermore, the Department of Local Government & Housing has allocated funds for the installation of services at Obed Nkosi and this will assist in the reduction of the current housing backlog.

3.15 HOUSING

Informal settlements- 238 stands

The contractor to develop top structures is on site and to date 80 houses are at roof level. A list of affected households was approved by the Council for relocation. About 193 houses are allocated for construction in Ratanda extension 8.

Mixed Land use

The proposed township of Rensburg Extension 4 is situated on portion 68 of the farm Houtpoort 392 IR. The general plan Number 5978/1978 Rensburg Extension 2 has been cancelled and substituted with Rensburg Extension 4, which is being aligned to modern principles towards sustainable human settlements.

The layout plan has been submitted and approved by the Surveyor General. Pending is the proclamation of the township and envisaged to be finalized in the 2016/17 financial year.

Kwazenzele

Kwazenzele Phase 2 was identified by the Lesedi Local Municipality as a potential land for housing development for the beneficiaries residing in Kwazenzele Informal Settlement.

The Construction of bulk sewer, water and reservoir are underway in Kwazenzele Phase 2 housing project, so as to pave the way for the relocation and development of top structures. A coordination committee comprising of the professional team, municipal officials, contractors and investors has been set up to manage and oversee this project.

Impumelelo Extension 3 and 4

Impumelelo Extension 3 & 4 was identified by the Lesedi Local Municipality as a potential land for housing development for the beneficiaries residing at the Impumelelo Informal Settlements and backyards.

The Gauteng Department of Human Settlements is in the process of negotiating a land offer with the landlord. The municipality is in the process of appointing service providers for bulk services through the municipal infrastructure grant allocation. This is subject to the finalization of land acquisition.

Transfers

The Municipality has appointed Conveyancers/Attorneys from its Procurement Panel System to transfer properties from Municipal to private ownership**.** Twenty five properties have been handed over for the finalization of transfers. Over and above the latter, the Gauteng Department of Human Settlements has appointed conveyancers to transfer properties in Ratanda proper, Ratanda extension 3, 4, 6, Heidelberg extension 23 & 26. To date 160 properties have been transferred in Ratanda extension 6.

Allocation of houses

Thorough the Gauteng Department of Human Settlement an allocation of 900 houses in Obed Nkosi township has been concluded. An additional 500 stands are undergoing sewer and water reticulation which will be followed by the development of 500 houses. The project is rolled out along the line of the turn key model as a way of speeding up service delivery and accountability. Furthermore about 50 houses are awarded to the contractor for the completion of the Ratanda extensions project entailing the following extensions: 1, 6, 7 & 8.

Community Residential Units (CRUs) and Rental Stock

The CRU programme replaces the National Hostel Re-development Programme. The CRU programme is complementary to, and runs parallel to the National Social Housing Programme but services a different target market. The CRU programme aims to facilitate the provision of secure, stable rental tenure for lower income persons.

An additional 48 units are under construction in Shalimar Ridge. In 1187 Protea Road snags, landscaping and fencing are outstanding. Both projects cannot be handed over to the municipality due to outstanding work mentioned herein.

In the year under review the municipality resolved to determine rental for the 24 units in 1187 Protea Road at a nominal rate of R400 per unit. This is a proactive way that will allow for the beneficiaries to occupy the property upon completion. In relation to Shalimar Ridge rental opinion has been secured from the municipal valuer and Council approval will be sought.

This information will guide planning and research by providing information on the housing needs of the communities. To ensure fairness and transparency, the housing data base will be updated as and when the Provincial Department of Human Settlements is embarking on a project. The data base shall have an overall list of all housing applicants in every area. It will indicate the total number of beneficiaries per targeted area. The demand will then be determined and categorized in different demographic profiles and accommodation typologies needs.

A National Housing Demand Data Base has been established. This National Housing Demand Data Base will be the only official Data Base from which prospective beneficiaries will be selected and approached to complete housing subsidy applications forms for approval by the MEC.

Preference should be given to the most needy households when allocating housing subsidies. The Council has regularized six hundred and eighty one (681) stands to provide tenure rights to beneficiaries. The latter can develop their own properties without relying on the subsidy linked support from government. Provincial Government has been approached to assist with the transfer of these properties.

Community Residential Units (CRUs) and Rental Stock

The CRU programme replaces the National Hostel Re-development Programme. The CRU programme is complementary to, and runs parallel to the National Social Housing Programme but services a different target market. The CRU programme aims to facilitate the provision of secure, stable rental tenure for lower income persons.

A total of 200 CRU units are currently under construction in Shalimar Ridge. The project is being financed by the Department of Human Settlements. The municipality will take over the management and control of the facility after completion. The CRU programme will remain for public to rent and cannot be sold or transferred to individual residents. Residents therefore have no pre-emptive right to purchase the housing stock.

The Community Residential Units in Shalimar Ridge and Protean Road in Ratanda will be rented out to the public at a market related rental. The units consist of 2 bedrooms 1 bathroom and a toilet. They measure 45m² each.

Municipal flats in Rensburg are being transformed to generate revenue and allow for maintenance on the basis of cost reflective rates.

Percentage of households with access to basic housing from 2011/2012 to 2015/2016 FY

Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2011/2012	27 840	23 900	85.8%
2012/2013	28 990	25 010	86.3%
2013/2014	29 968	25 636	85,5%
2014/2015	30 868	26 536	86,0%
2015/2016	39 294	34 679	88,3%

Service Objectives	Outline Service Targets	2014/15 FY		2015/2016 FY		
		Target	Actual	Target		Actual
Service Indicators		Previous Year		Previous Year	Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Optimise systems, administration (Housing and planning)						
Optimise systems, administration	Number of building inspections conducted	139	400	900	2000	2368
	Turnaround time for finalising building plan approvals from the date of receipt of application fees	10 days	10 days	10days	10days	10days
	Number of geographic information systems (GIS) spatial upgrades	4	4	1	1	1
	Number of maps requested from (GIS) provided within 5 working days of request.	20	23	23	300	256
	Number of housing sector plans coordinated with the department of Human Settlements	0	2	0	1	3
	Number of RDP houses allocated to beneficiaries on RDP housing waiting list.	956	152	956	956	956
	Hectares of vacant land identified and made available for low income housing development	74	72	354	282	282
	Number of illegal advertisement inspections conducted	80	335	80	600	700
	Number of applications for municipal advertisement billboards and advertising posters approved	1	1	1	3	1
	Number of building call out inspections approved	900	800	800	1000	551

Employees: Housing Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	3	3	2	1	33%
10 – 12	6	6	6	0	0%
13 – 15	1	1	1	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	12	12	11	1	8%

Financial Performance 2015/16 : Housing Services					
					R'000
Details	**2014/15 FY**	**2015/16 FY**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	659	1,549	3,584	960	27%
Expenditure:					
Employees	4,924	4,213	4,322	4,959	-15%
Repairs and Maintenance	38	19	13	0	0%
Other	15 236	7,957	17,050	15 236	-89%
Total Operational Expenditure	20 198	15,920	21,385	19,069	-55%
Net Operational Expenditure	-19 539	-14,731	-17,801	-18,109	-2%

3.16 FREE BASIC SERVICES AND INDIGENT SUPPORT

The purpose of the policy is to ensure that the subsidy scheme for indigent households forms part of the financial system of the municipality and to ensure the same procedure be followed for each individual case in a fair and equitable manner.

The criteria used for households to qualify for indigent support is as follows:

Subsidy, within the financial ability of the municipality, be allocated to owners, be allocated to owners of premises who receive electricity, water and sewerage or refuse removal services from the municipality in respect of charges payable to the municipality for such services.

The household income must not be more than twice state old age pension. Income of all households was considered, excluding child support and disability grants.

Only one application per person in respect of one property shall qualify for consideration per household. A business, body corporate, association, club or governing body shall not qualify for consideration.

The subsidy will not apply in respect of households owning more than one property, who will therefore not be classified as indigent.

Free Basic Services To Low Income Households 2015/16 FY									
	Households earning less than R1,100 -3700 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
Year	Total	Access	%	Access	%	Access	%	Access	%
2011/12	24 300	950	4%	950	4%	950	4%	950	4%
2012/13	24 350	1 612	7%	1 612	7%	1 612	7%	1 612	7%
2013/14	24 241	3 769	16%	3 769	16%	3 769	16%	3 769	16%
2014/15	24 409	5008	20.5%	5008	20.5%	5008	20.5%	5008	20.5%
2015/16	26 980	4376	16.2%	4376	16.2%	4376	16.2%	4376	16.2%

During the financial year the municipality employed strategies to increase the indigents register and previously the turn-around time for approval was long. This involved the procurement of a system that is able to assist the municipality in its decision making process of determining whether an applicant qualifies and the scrapping of the use of the screening committee. Mass indigent registration campaigns were conducted resulting in over 100% increase on the indigent register.

3.17 ROADS

Lesedi local municipality has approximately 268.7 kilometres of paved roads and 342 km of gravel roads. The primary objective of the department is to reduce the backlog by providing the appropriate surfaced roads.

The roads department focuses on the following:

To upgrade gravel residential roads to paved roads, focusing on previously disadvantaged townships to improve the mobility and quality of life of the affected areas.

The maintenance of gravel roads in formal and informal areas to enhance access to those areas.

The execution of patching, rehabilitation, construction of speed humps and resurfacing of paved roads to prevent the deterioration of the existing infrastructure as well as the safety of the public.

To improve the construction of major roads in order to reduce congestion and facilitate economic development.

Gravel Road Infrastructure 2015/16 FY				
				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	344	0	10.34	344
Year -1	334	0	7	334
Year 0	342	9	2.7	342

Tarred Road Infrastructure 2015/16 FY					
					Kilometres
	Total paved roads	New paved roads	Existing paved roads re-surfaced	Existing paved roads re-surfaced	Paved roads maintained
Year -2	262	-	4	5	258
Year -1	267	-	5	5	262
Year 0	269	2.7	4	0	267

Cost of Construction/Maintenance per KM						
						R' 000
	Gravel			Tar		
	New	Gravel – Paved	Maintained	New	Re-worked	Maintained
2013/14	-	3 675	335	4 042	-	2 679
2014/15	-	3 932	370	4 300	-	2 850
2015/16	-	4 167	392	4 588		3 021

Road Service Objectives Taken From IDP							
Service Objectives	Outline Service Targets	2013/14 FY		2014/15 FY		2015/16 FY	
		Target	Actual	Target	Actual	Target	Actual
Service Indicators		Previous Year		Previous Year			Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Service Objective: To improve access to sustainable basic services							
Upgrading of gravel roads at Heidelberg ext 23 & 26 within allocated budget	% completion for upgrading of gravel roads at Heidelberg Ext 23 &26	100%	100%	0	0	100%	80%
Road Resealing within allocated budget	% of roads to be Resealed as per planned schedule	100%	100%	100%	100%	0	0
Construction of roads at Kwazenzele Phase 1 within the allocated budget	%completion of roads construction at Kwazenzele Phase 1	0	0	0	0	100%	90%
Multi- year project							

Employees: Road Services					
Job Level	2014/15 FY		2015/16 FY		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	31	31	31	0	0%
4 - 6	13	13	13	0	0%
7 - 9	2	2	2	0	0%
10 – 12	1	1	1	0	0%
13 – 15	0	1	1	0	0%
16 – 18	1	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	48	48	48	0	0%

Financial Performance 2015/16 : Road Services					
					R'000
Details	2014/15 FY	2015/16 FY			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	32,726	25,840	3,697	3,611	98%
Expenditure:					
Employees	7,836	6,955	7,769	7,884	-1%
Repairs and Maintenance	6 368	5,254	7,287	7,370	-1%
Other	10,202	9,658	9,307	9,437	-1%
Total Operational Expenditure	24,406	21,867	24,363	24,691	-1%
Net Operational Expenditure	8,320	3,973	-20,666	-21,080	-2%

Capital Expenditure 2015/16: Road Services					
					R' 000
Capital Projects	2015/16 FY				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total	27 088	-	22 517	-	27 088
Upgrading of gravel roads at Heidelberg ext 23 & 26	10 788	-	8 617	-	10 788
Construction of roads at Kwazenzele Phase 1	16 300	-	13 900	-	16 300

3.18 WASTE WATER (STORMWATER DRAINAGE)

Storm-water runoff is considered a hazard and each property owner may fight it off or control it by retention, diversion, repulsion or altered transmission. The focus of the hazard has two focal points.

The need to make improvements to property, with the acknowledgement that some damage results from even minor improvements; and

The principle of granting each landowner as much freedom as possible to deal with his land essentially as he sees fit.

The primary objective of the Storm-water section focuses on the following:

- The upgrading and installation of new storm-water systems related to the upgrading of paved roads, focusing on previously disadvantaged townships.
- The construction of new major Storm water systems to address flooding & erosion challenges.
- The maintenance of storm-water systems.
- The development of policies and procedures to address the increase in storm-water runoff resulting from developments.
- The responsibility to preserve the natural environment.
- The need to strive for a sustainable environment while pursuing economic development.
- The desire to provide the optimum methods of controlling runoff in such a way that the main beneficiaries pay in accordance with their potential benefits.
- The need to protect the health, welfare and safety of the public, and to protect property from flood hazards by safely routing and discharging storm-water from developments.

Stormwater Objectives Taken From IDP						
Service Objectives	**Outline Service Targets**	**2014/15 FY**		**2015/16 FY**		
		Target	**Actual**	**Target**		**Actual**
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**	
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**
Service Objective: Improve access to basic roads & stormwater services						
Construction of roads and stormwater at Kwazenzele Phase 1 within the allocated budget		100%	80%	80%	100%	90%
Upgrading of gravel roads and stormwater at Heidelberg ext 23 & 26 within allocated budget		100%	100%	100%	100%	80%
The storm water system is an integral part of the roads construction. The construction of storm water system is included with the road projects.						

Employees: Stormwater Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	6	6	6	0	0%
10 - 12	4	4	4	0	0%
13 - 15	3	3	3	0	0%
16 - 18	0	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	13	14	14	0	0%

Financial Performance 2015/16: Stormwater Services					
Details	**2014/15 FY**	**2015/16 FY**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	32,726	25,840	3,697	3,611	98%
Expenditure:					
Employees	7,836	6,955	7,769	7,884	-1%
Repairs and Maintenance	6 368	5,254	7,287	7,370	-1%
Other	10,202	9,658	9,307	9,437	-1%
Total Operational Expenditure	24,406	21,867	24,363	24,691	-1%
Net Operational Expenditure	8,320	3,973	-20,666	-21,080	-2%

A stormwater system of 2 km was constructed in Heidelberg Extension 23 and 26.

3.19 PLANNING AND DEVELOPMENT

The By-laws in terms of SPLUMA were developed, advertised and promulgated and pending is the appointment of the municipal tribunal committee.

There are a number of township proposals consisting of Sedaven (proper and extension 1 – 6), Jordaan Park (proper), Sedaven, Rensburg X3/4 and Heidelberg X31, submitted to the municipality for consideration and approval. Numerous rezonings, sub-divisions and consent land-use applications are constantly submitted to Council for consideration. There is an increase in a number of sub division applications especially in Jameson Park which may result in the municipality budgeting for services upgrade in the area.

Spatial Development Framework (SDF)

The SDF is in the process of being reviewed in line with the Spatial Planning and Land Use Management Act, District and Gauteng spatial development perspectives. Currently the municipality is seeking comments from the public and all interested stakeholders and the process will be finalised in 2016.

Development application

The Department LEDP has made significant strides to reduce turnaround times in the approval of development applications (90 days). Speedy approval of applications in this regard has contributed to a decrease in cost of doing business and has increased the number of investments.

The municipality has also received a number of requests for business land in the year under review.

3.20 PLANNING

Allocation of amendment scheme **Employees: Sanitation Services**

Numerous rezoning, sub-division and consent land-use applications are constantly submitted to Council for consideration. A target of four weeks has been set by the department to address all above mentioned applications.

Development application

The Department of Development and Planning has made significant strides to reduce turnaround times in the approval of development applications. Speedy approval of applications in this regard has contributed to a decrease in cost of doing business and has increased the number of investments attracted into the municipality.

Applications for Land Use Development

Detail	Formalisation of Townships		Rezoning		Built Environment	
	2014/15 FY	2015/16 FY	2014/15 FY	2015/16 FY	2014/15 FY	2015/16 FY
Planning application received	1	2	19	13	520	327
Determination made in year of receipt	1	1	19	11	490	290
Determination made in following year	0	1	0	2	56	37
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	1	0	2	0	37

Employees: Planning Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 3	0	0	0	0	0%
4 – 6	3	3	3	0	0%
7 – 9	2	2	2	0	0%
10 - 12	8	8	7	1	13%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	16	16	16	1	6%

Financial Performance 2015/16 FY: Planning Services

The financial performance information for planning services is combined with the financial performance for housing.

3.21 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The implementation of the LED strategy is well within its second year since it was approved in July 2014.The proposals received range from attracting investors through the development of existing industrial property, township revitalization, nodal development to development of amenities and service centers in rural areas. This is a major turnaround to economic development in the area. The Municipality has entered into a long term lease agreement covering a period of 66 years with **TECINO TRADING 22(PTY) LTD** where the following properties are the subject of development :-

Property description	Extent	Proposed Project	Area	Status	Remarks on Benefits
Portion 5 of farm Langlaagte 186 I.R.	155 hectares	Warehousing Port	Heidelberg	Vacant with a portion that's ecologically degraded	EIA required with resultant rehabilitation of the land due to environmental degradation.
Portion 28 of the Farm Boschoek 385 I.R.	30 hectares	Mixed Land Use	Obed Nkosi Township	Undesirable Transfer Station at the entrance of Ratanda and undeveloped land with illegal dumping (Notice of non-compliance with NEMA received)	Closing and relocation of transfer station to an identified site, EIA and Rehabilitation plan for section 24(g) regulation compliance with NEMA.
Heidelberg Extension 5-1235	3000m2	Student Housing	Heidelberg	Vacant	Rezoning and creation of a conducive environment for learning & skills development in Lesedi
Heidelberg Extension 19-3527	2025m2	Filling station	Heidelberg	Vacant	Compliance with relevant legislation & an increase in a number of fuel outlets in the area
Heidelberg Extension 24	39 stands	Warehouse park	Heidelberg Extension 24	Industrial township that has been stagnant for too long	Development plan with resultant densification as per the SDF.
Stands 126 and 129 Heidelberg	4900m2	Office park	Heidelberg	Park and Parking	Rezoning & Development plan with resultant densification as per the SDF.
Remainder of the farm Rietfontein 276 I.R.	10 hectares	Extreme Park and Service Centre	Vischkuil	Vacant & ecologically compromised land with acid mine drainage	EIA, Development and Rehabilitation Plan for section 24(g) regulation compliance with NEMA. This plan will mitigate against the recent risks of protests due to absence of economic opportunities in a rural setting.
Devon	5	Shopping	Devon	Vacant & Under-	Rezoning &

	hectares	Centre and Incubation Park for SMMEs		utilized	Development plan with resultant densification as per the SDF. This plan will also mitigate against the recent risks of protests due to absence of economic opportunities in a rural setting.
AG Visser House Museum	2000m2	Lesedi Economic Desk	Cnr HF Verwoerd and Westhuizen Streets	Museum dedicated to the late Afrikaaner Poet, AG Visser.	
Old Gaol		Lifestyle cafe	Jordaan Street	Museum	It will develop a lifestyle café which will later link with the development of a hospitality and conference facilities subject to negotiations with the Department of Public Works. The current lease agreement has expired.

The developer is currently finalising designs for Kwazenzele Phase 2 in relation to the development of a service centre which will cover the filling station, tyre centre, shopping centre, taxi terminus, government precinct (which will entail other government services like the clinic, customer care centre, police station and other pertinent services).
In line with the N3 North Corridor Precinct, a warehouse port is on the pipeline. Environmental authorisation will be undertaken to allow for industrialisation.
A renewable energy initiative has resulted in the Municipality apportioning land to the extent of 93, 1880 square metres on portion 1 of the farm Boschoek 385 IR. An investment of 500 dollars is earmarked for this development with possibility of 1500 jobs. This will translate into downstream opportunities which will impact positively to the skills base.

- Township.
- Review of the Spatial Development Framework with the aim of aligning it with the Spatial Planning and Land Use Management Act.
- Management of Heritage Assets namely the Heidelberg Museum and the AG Visser Museum.
- An enterprise development policy is in place and has made it a prerogative of the Council to break every project to impact on jobs and skills development.
- The LED strategy has come up with the hosting of an annual event to attract investors and tourists to the area which has formed part of the Municipal Financial Planning process.

For social relief a Community Work Programme is underway and employs 961 unemployed youth, women and people with disabilities while on the other hand the Extended Public Work Programme has created forty three jobs opportunities in the Environment and Culture sector. 208 job opportunities were created through the Eco-furniture Factory that is operating on the homestead of the Municipal Commonage. The latter project is a joint initiative with the Department of Environmental Affairs. The project is run on a contractor development model

where it is currently employing eight contractors who are who are harvesting timber.
In the area of Human Settlements, 699 houses have been constructed in Obed Nkosi Township. Occupation is subject to electrical reticulation that is currently underway. 24 Community Residential Units in Ratanda are being electrified while 200 similar units in Shalimar are to be finalised this year, 2015. They will form part of the Municipal Rental Stock.
During the period under review, sixty three SMMEs benefited from the Municipal Procurement opportunities arising out of transactions above R100 000.00.

Economic Activity by Sector

			R '000
Sector	**2013/14 FY**	**2014/15 FY**	**2015/16 FY**
Agric**ulture**, forestry and fishing	43 565	45 644	50 208
Mining and quarrying	128 390	129 453	132 398
Manufacturing	954 406	953 422	951 422
Wholesale and retail trade	362 449	364 458	375 502
Finance, property, etc.	863 194	865 172	867 209
Government, community and social services	707 182	721 152	756 326
Infrastructure services	189 069	192 846	198 824
Total	3 248 255	3 272 147	3 331 889

Economic Employment by Sector

			Jobs
Sector	**2013/14 FY**	**2014/15 FY**	**2015/16 FY**
	No.	**No.**	**No.**
Agriculture, forestry and fishing	804	825	824
Mining and quarrying	350	358	347
Manufacturing	2 321	2311	2344
Wholesale and retail trade	4 231	5004	6071
Finance, property, etc.	4 664	4887	4899
Government, community and social services	6 525	6667	6802
Infrastructure services	1 868	1924	1974
Total	20 763	21976	23 261

The Municipality has initiatives that derive short-term employment opportunities in the form of the Extended Public Works Program and Community Work Program. Various policies have been adopted to align the Municipality with the job creation imperative namely the Supply Chain Management Policy is being fine-tuned to make emphasis on enterprise development through the development of Enterprises Policy. The same is said around the regulation of informal traders where an Informal Traders Policy is at an advanced stage and will culminate into a by-law.

Jobs Created during 2015/16 FY by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	**Jobs created**	**Jobs lost/displaced by other initiatives**	**Net total jobs created in year**	**Method of validating jobs created/lost**
	No.	**No.**	**No.**	
Number of jobs created through LED programmes and initiatives (Ratanda Shopping Centre)	112	None	None	Themba Projects

Job creation through EPWP projects 2015/16 FY		
Details	**EPWP Projects**	**Jobs created through EPWP projects**
	No.	**No.**
Simunye Recycling Primary Cooperative	1	22
Eco-Furniture Factory	1	198
Community works program	1	1 035
Maintenance of cemeteries	1	15
Maintenance of parks	1	5
Maintenance of sports field	1	5
Development of roads	1	23
Maintenance of Water Channels	1	10
War on Leaks	1	15
Street Cleaning	1	30
Reservoir (Kwa-Zenzele)	1	6
Electrical	1	14
Construction of Houses (Ratanda Ext 1;3;6;7;8)	2	36
Obed Nkosi Sewer and Water Reticulation	1	56
Beautification of Ratanda	1	147

Local Economic Development Policy Objectives Taken From IDP				
Service Objectives	**Outline Service Targets**	**2015/16 FY**		
Service Indicators		**Previous Year**	**Current Year**	**current year**
(i)	**(ii)**	**Actual**	**Target**	**Actual**
Service Objective: The establishment of local tourism association would be a vehicle used to organize and equip local communities, including those in defined poverty areas, to service the tourism industry and generate benefits for themselves. The benefits of creating an association or partnership are many and varied, including assistance with strengthening rural regeneration, caring for the countryside and preserving physical and cultural heritage.				
Infrastructure For Informal Traders	Provision of stalls for informal traders in Impumelelo	0	7	7
Number of functional local economic development structures	Number of forums in place	8	3	3
Number of economic development partnerships with private businesses	Partnerships with the private sector in order to improve economic development.	2	4	4
Implementation of LED Strategy	Roll out of the LED plan in order to meet objectives to LED stakeholders.	0	7	5
Number of enterprises awarded contracts within LED	Number of enterprises awarded procurement opportunities with the municipality	20	15	63

Employees: Local Economic Development Services					
Job Level	**2014/15 FY**	**2015/16 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 – 3	0	0	0	0	0%
4 – 6	2	2	2	0	0%
7 – 9	0	1	0	1	100%
10 - 12	2	2	1	1	50%
13 - 15	0	4	2	2	50%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	5	10	6	4	40%

Financial Performance 2015/16 FY : Local Economic Development Services				
				R'000
Details	**2014/15 FY**	**2015/16 FY**		
	Actual	**Original Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	1,858	3,089	715	23%
Expenditure:				
Employees	4,116	4,780	4,390	92%
Repairs and Maintenance	0	0	0	0%
Other	2,144	2,566	2,116	82%
Total Operational Expenditure	6,260	7,347	6,506	88%

Capital Expenditure 2015/16 FY: Local Economic Development Services					
R' 000					
Capital Projects	**2015/16 FY**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total	488	488	488	100	490
Waste Project	488	488	488	100	490

The Municipality's capital expenditure is mainly directed towards Roads Infrastructure Development where a large part of investment is derived from the Municipal Infrastructure Grant. A process is underway to align the latter with broader development objectives of the Municipality such as to focus on other development goals like community facilities, township development to name a few. As soon as a comprehensive strategy is developed, the cost benefit analysis will inform the planning and budget of the Municipality.

COMMUNITY & SOCIAL SERVICES

The Department of Community Services renders various services such as Sport & Recreation, Social Development, Enviromental Health, HIV & Aids, Traffic, Fire & Rescue services, Library Services, Facilities & Amenities, Parks and Cemeteries to the broader community of Lesedi. Indigent burials are conducted to needy famlies in accordance with applicable indigent funeral policy and pauper burial are done in line with legislative requirements.

3.22 LIBRARIES; MUSEUMS; COMMUNITY FACILITIES

Schedule 5, Part of the constitution of the Republic of South Africa, 1996 provides for the exclusive provincial legislative competence of libraries, in essence the function is rendered through a Service Level agreement with province (conditional DAC funding). Business plans are compiled and submitted to province to access funds for the obligations as contained in the Service Level agreement.

OBJECTIVES

OBJECTIVES

- Support and stimulate the social economic, educational, cultural recreational, scientific reasearch, technological and infoarmation development of Lesedi community
- Provide optimal access to relevant services (e.g. Facilities, Social Development, Traffic, Fire & Rescue, HIV & AIDS and Environmental Health.) to the community in an economic and cost reflective manner;
- Promote basic and fundamental literacy, information literacy, and a culture of reading;
- Harness new information and communication technologies (ICT) to improve integration, equity and quality of Library and Information Services;
- Support and stimulate the social, economic, educational, cultural, recreational, scientific research, technological and information development of Lesedi.
- Provide optimal access to relevant information to every person in an economic and cost effective manner.
- Promote basic and fundamental literacy, information literacy, and a culture of reading.
- Harness new information and communication technologies (ICT) to achieve improved integration, equity, cost effectiveness and quality in Library and Information Services.
- Make available the National Documentary Heritage and facilitate access to the world's information resources to all, including people with disabilities.
- Provide for the preservation of the National Documentary Heritage, and provide conservation services.

Training

- Book Circulation training 1 x Librarian Trained
- Catalouger was also trained in catalouging

Community Program

- ICT
- Library Management Software Licenses (18)
- Upgrade Symphony from 3.4 to 3.5
- Anti-Virus License renewal
- Wireless radios purchased for communication purposes with remote libraries
- Maintenance of copy machines

- Purchase of 1 photo copy machine for Extension 23 library.

Book purchased 2015/2016 financial cycle

- Books (Quantity 10 750 books) R1 772 million
- Periodicals and Newspapers R 34 023.00.00

HIGHLIGHTS/PROJECTS

- VISCHKUIL
- implementation of “Born to Read “programme.
- Crochet is on course with 20 women participating in the project and is continuing

- PROGRAMMES
- Siyathuthuka money saving programme
- Girl Talk programme (Informative talks with young girls)
- Save as you grow – Motivate young children to work and save money

DEVON

- Continie of Doring Rosies Reading Club: Pensioners

IMPUMELELO

• Implement crochet program	2014/15	2015/16
• Annual new membership:	1326	1047
• Book circulation	36 658	34 605
• ICT users:	35 405	4124
• New books purchased:	10 750	9666
• Periodicals and Magazines	67	67
• Programmes implemented:	109	73
• Contractual staff employed:	14	13 (2 Vacant)
• Educational toys purchased:		
• Purchase and Installation of jungle gyms:		
• 1 Jameson Park		
• Licenses & Symphony upgrade:	16	16
• Asset Verification:	I	1
• RFID Work stations purchased	6	11
• Cloud Gate	0	50
• Copy Machines	1	2
• Hand Held Scanners	0	4
• Laptops	0	2
• Server	0	1
• Printer	0	1
• Optic Fibre (Libraries)	0	3

Service Objectives	**Outline Service Targets**	**2014/2015 FY**		**2015/2016 FY**
		Target	**Actual**	**Target**
Service Indicators		**Previous Year**		**Previous Year**
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**
Service Objective: Providing of Sports, Recreation, Arts, Culture and Library Services				
Access to library and information services	Books, Audio Visual Material, Newspapers, Periodicals and information availed	37462materials circulated	34605 materials circulated	34605 materials circulated
	Number of new members	1474	1047	1047
	Number of Internet Users	4422	4124	4500

Employees: Libraries; Museums; Community Facilities; Other					
Job Level	**2014/2015 FY**	**2015/2016 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	No.	No.	No.	
0 - 3	0	0	0	0	0%
4 - 6	95	95	95	0	0
7 - 9	25	25	25	0	0
10 - 12	16	17	16	1	6%
13 - 15	1	2	2	0	0
16 - 18	0	1	1	0	0%
19 - 20	0	0	0	0	0
Total	137	140	139	1	6%

Financial Performance 2015/16 FY: Libraries; Museums; Community Facilities; Other					
					R'000
Details	**2014/15 FY**	**2015/16 FY**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	6,637	6,733	6,738	5,096	76%
Expenditure:					
Employees	6,878	5,529	6,030	6,264	-4%
Repairs and Maintenance	16	897	978	777	79%
Other	2,766	864	2,112	2,526	-20%
Total Operational Expenditure	9,660	7,290	9,129	9,567	-5%
Net Operational Expenditure	2,701	-557	2,391	-4,471	-86%

Capital Expenditure 2015/16 FY : Libraries; Museums; Community Facilities; Other					
					R' 000
Capital Projects	**2015/2016 FY**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	1,470	2,257	419	19%	R1 604 800.00
Equipment	0	10	9	90%	R10 000.00
Toy Libraries	0	30	29	100%	R30 000.00
Library Books	1,000	1,569	93	100%	R1 500 000.00
Software (ICT)	470	648	288	100%	R648 000.00

The library books were initially accounted on GRAP 103 standard as heritage assets and converted into GRAP 17 so as to be part of accounting assets. The outcome revealed 80% of library assets were correctly processed and 20% were not catalogued, materials with errors were dedicated to an area for corrections. Ratanda stock was declared redundant after the library was burnt down.

A Consultant has been appointed to do asset verification for the 2015/16 financial year and will the project start on 31 August 2016.

Two libraries were renovated and upgraded. (Heidelberg - and Ratanda libraries)

Gauteng Provincial Library Services is in process to demolish and re-build Impumelelo library and to upgrade the library at Extension 7.

3.23 CEMETERIES

Lesedi Local Municipality maintains ten (10) different cemeteries of which five (5) are still operational. This includes two sub-regional cemeteries namely: Ekuthuleni in Ratanda and Ekuphumuleni, servicing Devon, Vischkuil/Endicott and Kwa Zenzele. Ekuthuleni was extended due to the fact that initial phase reached its capacity. The municipality is providing grave facilities in accordance to different religion e.g. Muslim, Hindu, protestant, Jewish etc. Graves are prepared in advance. Registered funerals are captured in the database for future references. Tombstones are erected subject to approval by municipality in terms of the cemetery by-laws. Cemeteries are being regularly maintained by parks section. Crematorium services are conducted out of the area in the neighbouring towns.

SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

MAINTENANCE OF CEMETERIES AND PREPARATION OF GRAVES

Graves are prepared regularly and grass cleared by applying weed killer. This is done in Kamp-, Ekuthuleni-, Ekuphumuleni- and Old Ratanda Cemeteries
Weed killer applied on road verges, cemeteries and paved areas in Lesedi Local Municipality before winter.
Monitor Red Data plant species listed in Lesedi area in collaboration with GDACE on a regular basis. New Delosperma specimens collected for study in Suikerbosrand Nature Reserve.

MAINTAIN PARKS AND CEMETERIES TO ACCEPTABLE STANDARDS IN ACCORDANCE TO THE PROGRAM

- Sidewalks, open spaces parks and open areas: cutting of grass on a rotation basis which was started in spring continued according to the Parks Maintenance Program until beginning of winter.
- Open stands: Heidelberg, Rensburg, Ext 9, Jameson Park, Ratanda and Devon/Impumelelo, were cut for a last round where necessary before winter (152 stands serviced).
- Parks: Flower beds in all Heidelberg, Ratanda and Devon Areas were prepared and cultivated throughout the season.
- Alien Trees were cut through alien tree removal project, in conjunction with GDARD.
- Cut and pruning of Trees throughout the year to clear overgrown trees going beyond electrical lines, branches reaching over fences and obscuring roads as well as fallen trees and branches.
- Filing of subsided soil of the graves.

Extension of Ekuthuleni cemetery;

The municipality is working on the tree stump removal and in the process of preparing a tender document for the removal of stumps underground.
The KwaZenzele cemetery is now operational after consensus was reached between the municipality and the stakeholders. Reason cited was that some of the community members would like to be buried next their love ones. Secondly, the Ekuphumuleni is distant (8 Kilometers from Endicott/Vischkuil) and costly to accompany the deceased to the place of rest. The available space is set for hundred (100) interment. Graves are GPS plotted to be numbered. Destitute families were informed to register with the municipality in case there is indigent death in the family or community.

Ekuthuleni cemetery has been extended after underground water reached the seepage in the first phase.

Project for the second phase of the extension of the cemetery is as follows:

- Construction of the ablution block; the ablution block and guard is completed and completion certificated awarded.
- Removal of eucalyptus trees; few of the trees have been cut to lower level of the stump and next phase is to remove the poisoned stumps completely so as to allow soil compaction and rehabilitation.
- Construction of the cemetery internal roads; Kerbs and paving stones have been purchased and awaiting the approved (internal road) plan so as to start with the (road) construction.
- Development of an Environmental Management Plan: It is completed and it is set to be used for any development in and around the cemetery.
- Entrance and exit gates: both gates are installed to allow free flow of traffic from the R549 and extension 23 & 26 township.
- EPWP: community members have been temporary appointed to assist with the removal of grass around/on graves and do horticultural work.

Burials:		**2014/15 FY**	**2015/16 FY**
	Kamp	89	103
	Ekuthuleni	675	563
	Ekuphumuleni	115	98
	Devon	12	9
	Muslims	1	10
Permits issued: Tomb Stones			
	Kamp	24	40
	Ekuthuleni	338	206
	Ekuphumuleni		23
	Devon		0
	Muslims		8

Employees: Cemeteries and Crematoriums

Job Level	**2014/2015 FY**	**2015/2016 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	0	0	0	0	0%
4 - 6	28	28	28	0	0%
7 - 9	8	8	8	0	0%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	38	38	38	0	0%

Financial Performance 2015/16 FY: Cemeteries					
					R'000
Details	**2014/2015 FY**	**2015/2016 FY**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	1,239	1,958	1,457	1,381	95%
Expenditure:					
Employees	1,695	2,497	3,053	2,468	81%
Repairs and maintenance	62	22	65	85	31%
Other	479	443	553	401	72%
Total Operational Expenditure	2 236	2,962	3,671	2,954	80%
Net Operational Expenditure	-997	-1,004	-2,214	-1,573	71%

Capital Expenditure 2015/16 FY: Cemeteries					
					R' 000
2015/16 FY					
Capital Projects	**Budget**	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total	1,000	1,000	734	73%	R1 538 985.67
Professional fees: upgrading of Impumelelo stadium	808	808	269 583.33	30%	538 985.67
Fencing of Ekuthuleni Cemetery	1,000	1,000	734	100%	R1,000 000.00

The KwaZenzele cemetery is now operational after consensus was reached between the municipality and the stakeholders. Reason cited was that some of the community members would like to be buried next their love ones. Secondly, the Ekuphumuleni is distant (8 Kilometers from Endicott/Vischkuil) and costly to accompany the deceased to the place of rest. The available space is set for hundred (100) interment. Graves are GPS plotted to be numbered.

Destitute families were informed to register with the municipality in case there is indigent death in the family or community.

Ekuthuleni cemetery has been extended after underground water reached the seepage in the first phase.
Project for the second phase of the extension of the cemetery is as follows:

- Construction of the ablution block; the ablution block and guard is completed and completion certificated awarded.
- Removal of eucalyptus trees; few of the trees have been cut to lower level of the stump and next phase is to remove the poisoned stumps completely so as to allow soil compaction and rehabilitation.
- Construction of the cemetery internal roads; Kerbs and paving stones have been purchased and awaiting the approved (internal road) plan so as to start with the (road) construction.
- Development of an Environmental Management Plan: It is completed and it is set to be used for any development in and around the cemetery.

- Entrance and exit gates: both gates are installed to allow free flow of traffic from the R549 and extension 23 & 26 township.
- EPWP: community members have been temporary appointed to assist with the removal of grass around/on graves and do horticultural work.

3.24 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Social development services are provided to the community of Lesedi. These services include aspects such as child and elderly neglect, accommodation for the destitute, awareness and education programmes and referral to other relevant organizations/departments. The department renders non-statutory services. All statutory cases are referred to provincial departments.

Family Support which include services such as:

- Pre and Marital including family and divorce Problems;
- Legal-Aid,
- Material Assistance to the destitute;
- Indigent and Pauper Burials;
- Gender Based Violence;
- Children,
- Child Welfare;
- Facilitate Maintenance and Child Support Grants;
- Programme for the elderly, disabled and the vulnerable groups;
- Early Childhood Development (ECD) and Child Protection.

Care of the aged

- Facilitate application for Social Grants.
- Applications to old age homes for those in need and neglected.
- Luncheon Clubs: Ensure balanced meals, physical exercise, recreation and outings.

Care of the disabled

- Facilitate applications for Disability Grants.
- Awareness programmes.
- Protective workshop: handwork and craft.

- Inspections at Child, old age and disabled care facilities are conducted by the Environmental Health Section and Health Reports/Certificates are issued to premises complying with legislative requirements.
- If during the inspections it is noticed that Social Services or any other type of support such as nutrition is needed, assistance is requested from relevant departments.

EARLY CHILDHOOD DEVELOPMENT:

ECD services have been identified as a priority to ensure that children will be ready for attending formal schooling. A baseline audit has been conducted at all ECD centres whereby the qualification of all practitioners were analysed to determine training needs. In addition, the structural requirements were also audited to ensure that children will be in a safe environment, conducive for early learning. Hollard Trust assisted in compiling a 3 year strategic plan based on the outcome of the audit.

The municipality has established an inter-departmental forum that will be focussing on the ECD strategy and operational plan and the implementation thereof. The forum consists of representatives from relevant departments and external stakeholders. The function of the forum is to ensure that all aspects relating to ECD development are covered and implemented.

PROGRESS ON IMPLEMENTATION OF THE ECD STRATEGY

IMPUMELELO PROJECT FEBRUARY – JUNE 2015 (FIRST PHASE)

Impumelelo was identified as an area which needed immediate attention as far as the children accessing ECD were concerned. Issues at stake were that out of seven ECD'S. From the seven ECD, one was registered and funded by Department of Social Development and the rest were in a bad state and overcrowded. They did not have information on compliance issues.

ECD PROJECT IMPLEMENTATION

- Preparations were put in place to kick off by engaging the stakeholders for a buy in. The ward Councilor, ward committee members, Community Development workers and the principals of the 7 ECD'S identified were involved. The partnership brought a new concept and innovative ways to reduce overcrowding and ensure that all children receive equal opportunities in terms of Grade R level in the formal schooling.

- The next level was to engage parents of children who were already in the ECD's, and take them through the concepts of early childhood development and the importance thereof for compliance e.g. enough space to play and safety issues. Parents understood all related factors and proposed that this should be done at the beginning of 2016.

DAY MOTHERS

- One of the innovative ways to curb or deal with overcrowding, was to introduce Day mothers concept which aimed at offering quality ECD care for 6 children. Interested

candidates were invited to apply and fourteen were shortlisted, interviewed and ten were viewed as qualified Day mothers.. Thereafter, their homes were inspected by the Environmental Practitioners and were found to comply with health and safety requirements.

Progress

- Seven (7) day mothers have started to look after 30 children in Impumelelo area and presently depend on parent's fees (ranging between R100 and R150).

- The day mother project will be registered under EPWP Social Cluster for them to receive a stipend.

Compliance issues

- The process has assisted the existing ECD's in various ways, especially improving their centers in terms of compliance.

- Four of the six unregistered ECDs were advised to comply and they are ready for registration. The remaining two have been encouraged to comply so as to address overcrowding.

TRAINING

The following trainings were initiated, conducted and funded by Hollard Trust and Kago Ya Bana (KYB):

- DEVELOPMENTAL MILESTONE: A baseline assessment was conducted at the seven (7) centers in Impumelelo. This training concentrates to the 3-4 year old, focus on motor, social and cognitive development. A total of 172 children were assessed.

- GROWTH MONITORING: The objective of the training is to promote the well- being of children and be able to intervene where necessary in cases of under or over weight. The first training was to establish a baseline on the children's weight and height and to track the development. Seventeen (17) practitioners and 3 general workers benefitted from the training.

- BASIC ECD Training The training is based on improving the practitioners on basic Early Childhood Development, program implementation, processes and systems to follow in the centers. Twenty three (23) practitioners benefited from the training and they are in a better position to teach and handle any issues coming their way at the centers. The training was conducted by ASHA and trainees are set to graduate at the end of the course.

ACHIEVEMENTS

- Substantive progress in Impumelelo, has been achieved and the practitioners have improved in the management of the centers and quality teaching is continuous.

WARD 7 AND 11 PROJECT (SECOND PHASE (Heidelberg)

- Having had a positive impact in Impumelelo, the project was introduced in wards 7 and 11. The two wards are adjacent to one another. Most of the ECD centers are not registered nor funded and experiencing overcrowding. Maximum intervention is/was needed to assist the centers towards compliance in terms of health and safety requirements of the Environmental Health Unit.

ECD IMPLEMENTATION

Ward councilors of both wards were engaged with their Ward Committees, Community Development Workers (CDW), Community Works Programme (CWP) and the principals of the ECD's in the area.

These engagements were conducted with each stakeholder with an aim of explaining the project and solicit a buy in.

- Campaigns were conducted to recruit children to attend the ECDs and to establish if there any informal or private child cares services.

INTERVENTIONS

- Smart Start programme was introduced with an aim of improving early learning for the age groups 3 to 4, through Kago Ya Bana and in partnership with the municipality.
- Kago Ya Bana also introduced Harambee, a service provider that assisted with the matching employees with different skills.
- The community was sensitized and fifty (50) candidates were recruited however, seventeen were successful.

TRAINING

- Twenty three (23) existing ECD principals and practitioners were trained on Smart Start programme, focusing on 3-4 year old children).
-
- Fourteen (14) from seventeen (17) candidates who made it in the Harambee (service provider) assessment, were trained on the day mothers programme and play group facilitation

- This programme displayed a high level of competence.

Progress from implementation:

STRATEGIC GOALS FOR 2015 – 2017

The LLM adopted the motto of "Lesedi shining the light for the future of our children", and the following are the strategic goals developed to be implemented in the next coming three (3) years.

- Improve quality early childhood development and accessibility.
- Enforcing compliance to all centers in terms of health and safety requirements.
- Institutionalize Early Childhood Development Programmes.
- Develop sustainable partnerships and stakeholder for resource mobilization.

1. GAP ANALYSIS (KYB Enterprise Incubator)

During this process, twenty four (24) ECD'S were identified. The identified ECD's are in compliance with few outstanding challenging issues. From the 24, the number decreased to twenty one (21) focusing on critical compliance requirements to receive Health and safety standards report.

Hollard Trust (Kago Ya Bana) has provided funding for upgrading of the identified ECD sites. The work is in progress and the project is expected to be completed by June 2016.

TRAINING CONDUCTED

- DEVELOPMENTAL MILESTONE

A new baseline was conducted and 223 children from 7 ECD's were assessed and data was captured to address shortcomings.

A baseline was also conducted to assess the enrolment of children between the age of 3-4 years old. At the beginning of 2016, 220 children were assessed at Ward 7 and 126 children in ward 11, and the data was captured to address shortcomings.

Training was offered to 23 Principals and practitioners who teach the 3-4 year olds children in the wards namely; 7and 11 including, fourteen (14) Principals and practitioners in ward thirteen (13). Assessments were conducted at the beginning of February in the ECD'S. The ECD team was also trained on capturing data so as to be able to capture the data from the information gathered from the centres. Assessment sheets were collected and the gathered data assisted the municipality to track the children on the following:

- Gross and Fine Motor
- Auditory and Language
- Cognitive
- Social and Emotional, and
- Emergent Writing.

GROWTH MONITORING TRAINING

The objective of this training is to assess children on their well- being and to intervene where children are over - or under- weight, and refer identified cases to local clinics. Principals and practitioners in wards 7 and 11 were trained and assessments have started in the ECD's, and data thereof will be captured in order to assess the status on the well-being of children in these wards.

-ASHA / TRAINING ON BASIC ECD

Similar training was as well conducted in these wards (7 and11) and funded by Kago Ya Bana. **TRAINING**

	PRACTITIONERS		**EVALUATION OF CHILDREN**					
	WARDS 7 AND 11	WARD 13	Ward 7	Ward 11	Ward 13	Ward 7	Ward 11	Ward 13
			3Yrs old			4Yrs Old		
Dev Milestone	59	35	139	62	98	81	64	125
Growth Monitoring	54	35	415 (All children)	209 (All children)				
Smart start	42	16/17	139	62		81	64	
ASHA	16/17	23						

WORKSHOP CONDUCTED

- A workshop was conducted on the 09 June 2016 for private ECD's. Private ECD from affluent areas, who have been operating on their own without being regulated were exposed to compliance/legislative requirements.

PARTNERSHIPS

- The municipality formed a partnership with National Development Agency (NDA) with an aim of analysing ECDs needs and Day mothers in ward thirteen (13).
- The main purpose of the analysis was to inspect the ECDs infrastructure in place and to assist with upgrades where none compliance is identified.

ECD STEERING COMMITTEE

Steering Committee is established which sits quarterly. Currently 101 ECD centres are in existence and operational. ECD INSPECTIONS CONDUCTED on regular basis and any identified challenges are addressed in conjunction with the Practioners.

FORMAL AND INFORMAL ECD INSPECTIONS	
2014/15 FY	**2015/16 FY**
236	637

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP						
Service Objectives	**Outline Service Targets**	**2014/2015 FY**		**2015/2016 FY**		
		Target	**Actual**	**Target**		**Actual**
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**	
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**
Service Objective: Render Social Services to the Community of Lesedi						
Indigent & Pauper Funerals	Provide Indigent funerals to households that qualify	100% applications received	100% applications received 11 Funerals	100% applications received	100% applications received	100% applications received 21Funerals
Capacitate community (Identified Categories)	Educational & awareness programs	100% of budgeted programs	40% Due to financial matters	3	100% of budgeted programs	45% Due to financial matters
Improve quality of life of Disabled and Older persons	Support visits and educational Programs	100% of budgeted programs and support visits.	4 Programs and 421Support visits.	100% of budgeted programs and support visits.	100% of budgeted programs and support visits.	3 Programs and 451 support visits.

Employees: Child Care; Aged Care; Social Programmes (Environmental Health & Social Personnel)

Job Level	2013/2014 FY	2015/2016 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	5	5	5	0	0%
13 - 15	3	4	3	1	33%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	8	9	8	1	4%

There was no provision for capital budget on Child Care; Aged Care; Social Programmes. Provincial Social Development is currently responsible for all the programmes and funding was provided by Hollard Trust for infrastructure upgrading for twenty (21) informal ECD sites.

ENVIRONMENTAL PROTECTION

Lesedi has been included in the Highveld Priority Airshed Area to address air pollution. Even though Lesedi does not have large industrial area that can impact negatively on the air quality, we do experience a negative impact on air quality due to cross boundary pollution.

An Air Qaulity Management Plan has been developed by the Highveld Prioty Area and the municipality is subjected to develop a local Air Quality plan based on local challenges.

Vehicle emmissions also contribute negatively on air quality, especially from heavy vehicles transporting goods on the N3 to and from Johannesburg and Kwa Zulu Natal. This matter will be addressed in the Local Air Quality Plan.

Environmental pollution as well as environmental protection is done by means of identifying the source of pollution and treating the cause. This section also ensures that all medical waste generators comply with Medical Waste Regulations and that the medical waste service providers are contracted to dispose the waste. Illegal dumping is dealt with by both Environmental Health and Waste section by means of clearing the illegal dumping sites and conducting health education programmes.

3.25 POLLUTION CONTROL

Lesedi has been included in the Highveld Priority Airshed Area to address air pollution. Even though Lesedi does not have large industrial area that can impact negatively on the air quality, we do experience a negative impact on air quality due to cross boundary pollution.

An Air Quality Management Plan has been developed by the Highveld Priority Area and the municipality is subjected to develop a local Air Quality plan based on local challenges.

Vehicle emissions also contribute negatively on air quality, especially from heavy vehicles transporting goods on the N3 to and from Johannesburg and Kwa Zulu Natal. This matter will be addressed in the Local Air Quality Plan.

Environmental pollution as well as environmental protection is done by means of identifying the source of pollution and treating the cause.

This section also ensures that all medical waste generators comply with Medical Waste Regulations and that the medical waste service providers are contracted to dispose the waste. Illegal dumping is dealt with by both Environmental Health and Waste section by means of clearing the illegal dumping sites and conducting health education programmes.

3.26 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

Lesedi is endowed with a pristine environment. It has two nature reserves in the form of Alice Glockner and Suikerbosrand. Currently the area is experiencing good healthy atmosphere due to its scenic and pristine character.

The following projects were embarked upon:

- Eradication of invasive plants: Area from Heidelberg Kloof to Overkruin and Ext.12 (Berg-en Dal). During 2015/16 approximately 1000 invasive Blackwattle and Blue gum trees were cut and sprayed with weed killer.

Monitoring of Red Data species in Lesedi Local Municipality:

Five localities of Khadia beswickii occurring at Jameson Park as well as localities of Nerine gracilis, Kniphofia typhoides and Gladiolus robertsoniae occurring at Devon are monitored on a three monthly cycle in collaboration with the Red Data Co-coordinator, GDARD.

- A new locality for Nerine Gracilis was discovered in Heidelberg. It is well-heeled discovery for the area of Lesedi including Province. The original locality for Khadia beswickii is being visited and is viable and healthy.
- Red Data species are monitored regularly in conjunction with the department of environment (GDARD).
- Chortolirion species were recently transferred to genius Aloe.
- Trees have been planted in the area of Lesedi as part of beautification programme.

Articles were written by the Head of Parks for International Publications indicating the status of all mentioned plant species.

Service Objectives	Outline Service Targets	2014/15 FY		2015/16 FY		
		Target	Actual	Target		Actual
Service Indicators		Previous Year		Previous Year	Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective:						
Greening and beautification of the area	Planting of trees	300	300	350	350	
	Rate of Spraying of cemeteries with weed killer.	4	4	4	4	4
	Rate of Pruning of trees.	1	1	1	2	2
	Rate of Maintenance of open spaces	8	8	8	8	8
Development of open spaces	Establishment of parks.	2	2	1	1	1

Financial Performance 2015/16 FY : Parks					
					R'000
Details	2014/16 FY	2015/16 FY			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	78	105	109	182	-67%
Expenditure:					
Employees	8,326	3,447	3,994	9,372	-35%
Repairs and Maintenance	480	168	143	235	-64%
Others	788	645	748	945	-26%
Total Operational Expenditure	9 594	4,260	4,885	10,553	-116%
Net Operational Expenditure	9,516	4,155	-4,776	10,371	137%
Capital Expenditure 2015/16 :Parks – Not applicable					

HEALTH

3.27 CLINICS

Primary Health Care Services, in terms of the Health Act, Act 61 of 2003, is the responsibility of the Provincial Health Department. The Local Authority was rendering this service on behalf of the Provincial Government up to June 2014.

3.28 AMBULANCE SERVICES

Ambulance services is a competency of Provincial Department of Health

3.29 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC

Municipal Health Services (Environmental Health Services) are rendered on behalf of the Sedibeng District Municipality by means of a Service Level Agreement as from July 2004.

The main functions rendered by this section are the following;

- Monitoring of Water Quality
- Food Safety and Hygiene monitoring
- Waste Management and general Hygiene monitoring
- Surveillance of premises (Ventilation; Moisture proofing; Structural Safety etc.
- Control and Monitoring of Communicable and Environmental related Disease
- Vector Monitoring and Control
- Environmental Pollution control
- Disposal of the Dead: Paupers; Cemeteries; Funeral Undertakers etc.
- Chemical Waste: Radiation, Safe Energy-use & transportation of radioactive Waste

The above mentioned functions were previously conducted by the Provincial Department of Health (Government Buildings, including Provincial schools, Police Stations, Mortuaries, Forensic laboratories, hospitals and Correctional Services.), have been assigned to the District municipality in terms of the National Health Act, Act 61 of 2003,.

A Certificate of Compliance on food outlets is issued to premises that comply with the Health Requirements of the municipality.

Gauteng Health Department promulgated National Norms and Standards pertaining to all types of premises in terms of Chapter 3, section 2 (a) (ii) of the Health Act, which determine the interval inspections at different premises as well as the risks, which was implemented during 2015.

An audit was conducted at Lesedi based by Gauteng Provincial Health Department on the Norms and Standards which a business/action plan was developed to address the gaps identified.

3.30 SERVICE STATISTICS FOR HEALTH INSPECTION

	2015/2016 FY Financial Year			
Order	**Data Element**	**2014/15 FY**	**2015/16 FY**	**Comment**
1	Pesticide poisoning reported to EHP - new case	0	0	
2	Noise complaints received – total	2	4	Parrots causing noise disturbance
3	Noise complaint resolved within the reporting period	2	4	
4	Premises inspected for vectors – total	4423	4308	Vector control in done in conjunction with normal inspections of premises
5	Premise inspected for vectors - no infestation	3940	0	
6	Premises treated for vector infestation	483	0	Obtained services of Accredited Private Contractor
7	Food poisoning outbreak reported	0	1	Food poisoning case Nooitgedacht
8	Food samples analysed – total	0	0	
9	Food sample non-compliant for labelling	21	-	Notices issued
10	Maize meal/bread flour milling establishment inspected – total	20	16	
11	Maize meal/bread flour milling establishment inspected – compliant	20	16	
12	Formal food handling premises – total	158	220	
13	Formal food handling premises inspected - total	1482	2007	20 Statutory Notices issued
14	Formal food handling premise inspected – compliant	1453	1987	
15	Informal food handling premises – total	202	173	Spaza shops included
16	Informal food vendors inspected – total	558	450	
17	Informal food vendor inspected - compliant	541	448	17 Notices issued
18	Milking Parlours inspected – total	57	56	
19	Milking Parlour inspected and found to have a COA	23	30	
20	Milk Samples analysed – total	14	43	
21	Milk Sample analysed – compliant	13	39	
22	Domestic water samples analysed - Water service authority	264	269	

	2015/2016 FY Financial Year			
Order	**Data Element**	**2014/15 FY**	**2015/16 FY**	**Comment**
23	Domestic water sample compliant - Water service authority	264	269	
24	Domestic water samples analysed - Non Water service authority	13	16	1 Boreholes of LLM & Heidelberg Eggs
25	Domestic water sample compliant - Non Water service authority	2	14	2 Non-compliant (Follow up samples taken)
26	Notifiable water-borne disease reported to EHP - new case	0	0	
27	Tobacco premises inspected regarding legislation – total	3940	4308	
28	Tobacco premises inspected regarding legislation – compliant	3940	4308	
29	Funeral Undertaker premises – inspected	38	38	
30	Funeral Undertaker premises – compliant	38	38	
31	Inspections conducted at schools in respect of Potable Water – total	56	39	Private school & Public Schools
32	Inspections conducted at schools in respect of Potable Water – compliant	56	39	
33	Inspections conducted at schools in respect of sanitation – total	56	39	
34	Inspections conducted at schools in respect of sanitation – compliant	56	39	
35	Public health facilities inspected in respect of potable water – total	72	174	
36	Public health facility inspected in respect of potable water – compliant	72	174	
37	Public health facilities inspected in respect of sanitation – total	72	174	
38	Public health facility inspected in respect of sanitation – compliant	72	174	
39	Correctional Services inspected in respect of potable water – total	12	7	
40	Correctional Service inspected in respect of potable water – compliant	12	7	
41	Correctional Services inspected in respect of sanitation – total	12	7	
42	Correctional Service inspected in respect of sanitation – compliant	12	7	

3.31 PROJECTS/PROGRAMS IMPLEMENTED DURING REPORTING PERIOD

Date	Events	Venue	Purpose
21 July 2015	Health and Hygiene	Lethabo Siyanqoba Primary School	Hand Washing Awareness
31 July 2015	Health and Hygiene	Bertha Qowa Primary School	Hand Washing Awareness
5 August 2015	Health and Hygiene	Sakhile Primary School	Hand Washing Awareness
19 October 2015	Hand Wash Demonstration & Education	Zamane, Samkele & Bantu Phiwe Primary School	Hand Washing Awareness
20 October 2015	School Food Vendors Education	Ratanda Old Hall	Education on general hygiene practices
24 November 2015	ECD's Awareness Campaign	Ext 23 Hall	Education on child stimulation
18 February 2016	Food Safety & Typhoid Fever Education	Heidelberg Taxi Rank	Education of food handling and spread of Typhoid
19 February 2016	Food Safety & Typhoid Fever Education	Shalimar Ridge Taxi Rank	Education of food handling and spread of Typhoid
25 February 2016	Bull frog Handling, Air Quality and Hand Wash Education	Jameson Park Hall	Environmental education and air quality
25 February 2016	Bull frog Handling, Air Quality and Hand Wash Education	Effort Primary School	Environmental education and air quality

8 March 2016	Food safety and Hygiene	Phelang Luncheon Club	Education of food handling
12 May 2016	Personal Hygiene Awareness	Agang Development Center	Education of Personal hygiene
02 June 2016	World No Tobacco Celebration	Sithokomela Primary School	Dangers of smoking
9 June 2016	Private ECD's Norms& Standards Education	Heidelberg Town Hall	Educate/inform privately owned EDC owners on the National Norms and Standards

PROJECTS

- Adopt an ECD Project by NDA
- Kago Ya Bana and Hollard Foundation

Objectives

To mobilise government, private sector, local and international donors to increase resource flows to the ECD sector.

To identify and profile ECD sites in the predetermined areas of Ratanda to access financial and non-financial resources to improve the quality of ECD provision by:

Creating a database of public and private donors who have made significant investments in the ECD sector.

- Profile indigent ECD sites in Ratanda
- Link ECD sites with potential donors.
- Provide program management support for beneficiary sites.
- Provide a platform to dialogue on resource flows to the ECD sector.
- Adopt an ECD Project by NDA
- Kago Ya Bana and Hollard Foundation

Objectives

To mobilise government, private sector, local and international donors to increase resource flows to the ECD sector.

To identify and profile ECD sites in the predetermined areas of Ratanda to access financial and non-financial resources to improve the quality of ECD provision by:

Creating a database of public and private donors who have made significant investments in the ECD sector.

- Profile indigent ECD sites in Ratanda
- Link ECD sites with potential donors.
- Provide program management support for beneficiary sites.
- Provide a platform to dialogue on resource flows to the ECD sector.

Health Inspection and ETC Policy Objectives Taken From IDP					
Service Objectives	**Outline Service Targets**	**2014/15 FY**		**2015/16 FY**	
		Target	**Actual**	**Target**	
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**
(i)	(ii)	(iii)	(iv)	(v)	(vi)
Service Objective: Inadequate health, social and environmental services in the outlying and rural areas as well as a lack of youth development, entrepreneurial and skills					
Food Safety	Inspection of food handling/ processing premises	1000	1482	1482	2007
	% of Food Premises issued with COA in terms of R 962	100	95%	95%	95%
Waste Management	% Premises adhering to waste standards (Health)	100%	91%	91%	94%
Disposal of the Dead including Pauper	Funeral Undertakers and cemeteries complying with legislative requirements	100%	92%	92%	93%
Water Quality	% Bacteriological Water samples complying with legislative standards	90%	99%	99%	100%

Financial Performance 2015/16 FY: Health Inspection and ETC					
					R'000
Details	2014/15 FY	2015/16 FY			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3,859	5,135	5,179	3,403	66%
Expenditure:					
Employees	3,514	4,153	4,408	4,200	95%
Repairs and Maintenance	53	122	112	13	12%
Other	381	714	561	408	72%
Total Operational Expenditure	3,948	4,989	5,081	4,612	91%
Net Operational Expenditure	-89	146	98	1,209	0%

Capital projects is not a norm within Environmental Health services. Evnvironmental Health Services, is a pro-active service, striving to prevent any negative health impact to occur.

The main objective of the service is to provide a safe and healthy environment to the residents. The service is rendered on a SLA on behalf of Sedibeng District and is funded by Sedibeng District Municipality that receive funding from National Treasury, to render the service.

3.32 SAFETY AND SECURITY

The Municipal Systems Act provides for the local government to promote a safe and secured environment to the communities. When communities do not feel safe and live in fear, the country's socio- economic development and the people's well-being is affected. The traffic and public safety section has a primary responsibility to protect and serve the public.

The municipality is required to work closely with all state and non-state bodies and to identify the community's needs and develop strategies to improve safety. It is necessary to move from a narrow law enforcement approach to crime and safety with an emphasis on identifying and resolving the root cause of crime. To achieve this goal, the traffic section is mobilizing a wide range of state and non-state organizations at all levels, shifting to an integrated approach, with active citizen involvement and co-responsibility. This section has identified agencies and institutions across government departments, civil society and the private sector that are best placed to contribute towards the lawlessness and crime prevention. The Public Safety section is working closely with the following role-players, amongst others:

- SAPS
- Community Police Forums
- Gauteng Traffic Police
- Department of Justice and Prosecutions
- Department of Home Affairs
- Private Sector
- Road Traffic Management Corporation
- Non- Governmental Organization
- Faith- Based Organizations

TRAFFIC RELATED CRIME

- Speed offences
- Barrier lines
- Driver fitness
- Vehicle fitness
- Documentation
- Drunken driving

3.33 TRAFFIC

Road traffic policing centers on all activities which reduce, deter or prevent the occurrence of all accidents by,

- ensuring effective and efficient law enforcement,
- monitoring of relevant infrastructure as well as strategic interventions where and when necessary, and
- providing supportive traffic control services with the vision to secure a safe road environment where the community can confidently use all roads in Lesedi municipality without fear for damages, injury or death.

The fundamental duties of the traffic section is to ensure the free flow of traffic, traffic control at accident scene as well as ensuring compliance to traffic legislation.

TOP KEY PERFOMANCE AREAS OF THE TRAFFIC DEPARTMENT

1. Traffic law enforcement was achievable through conducting amongst others:

- Joint operations
- Speed law enforcement
- Static roadblocks
- Sporadic roadblocks
- Selective patrolling
- Saturation patrols

2. Escorts are provided for the following events/ occasions

- Funerals,
- On road sport activities,
- Abnormal loads,
- VIP's.

3. Point duties

This is the provision of static traffic control at strategic points as and when the need arises, e.g. vehicle broken down in the middle of the road, permanent/ temporary road closure, etc.

4. Road Safety Education and Awareness.

The Traffic department has embarked on the educational and awareness campaign in schools and to the community at large. The process entails educating school children about scholar patrol, pedestrians' safety, crossing the road safely, cycle safety, child in traffic, etc.

5. Community Safety Forum

- A coordinated and holistic approach to safety and security was launched by the municipality.

6. Escorts

- This service is provided for the following events/ occasions
- Funerals
- Racing

- Abnormal loads
- VIP's.

7. Point duties

This is the provision of static traffic control at strategic points as and when the need arises, e.g. vehicle broken down in the middle of the road, permanent/ temporary road closure, etc.

8. Road Safety Education and Awareness.

The Traffic department has embarked on the educational and awareness campaign in schools and to the community at large. The process entails educating school children about scholar patrol, pedestrians' safety, crossing the road safely, cycle safety, child in traffic, etc.

Community Safety Forum

A coordinated and holistic approach to safety and security was launched by the municipality. This was done in conjunction with a whole range of other role-players within the municipal area. Civil society organizations and civic participation were identified as the critical elements of the safety aspect.

This was done in conjunction with a whole range of other role-players within the municipal area. Civil society organizations were identified as the critical elements of the safety aspect.

OVERALL TRAFFIC PERFORMANCE

	2014/15 FY	2015/16 FY
• Roadblocks -	26	13
• Joint Operations -	29	29
• Traffic Fines Issued -	81344	122 872
• Escorts -	116	84
• Point Duties -	73	136
• Road safety awareness campaigns-	8	6

- Scholar Patrol Training - All registered schools
-

Traffic Services objectives taken from IDP						
Service Objectives	**Outline Service Targets**	**2014/2015 FY**		**2015/2016 FY**		
		Target	**Actual**	**Target**		**Actual**
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**	
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**
Service Objective:						
Traffic and Public Safety					-	-
	Escorting of funerals to combat traffic(Needs driven)%	100%	100%	100%	100%	100%
	Escort heavy vehicle through town(Needs driven)%	100%	100%	100%	100%	100%
	Training of scholar patrols at Primary schools	13	13	13	13	13
	Roadblocks	12	12	12	14	26
	Point duties(Needs driven)%	100%	100%	100%	100%	100%
	Speed law enforcement	300	256	256		
	Joint Operations	8	8	8	29	29
	Road safety awareness	8	8	8	6	6

Employees: Traffic Officers					
Job Level	**2014/2015 FY**	**2015/2016 FY**			
Police	**Employees**	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
Administrators	**No.**	**No.**	**No.**	**No.**	**%**
Traffic Chief	1	1	1	0	0
Other Police Officers	0	0	0	0	0
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	1	1	1	0	0
10 - 12	10	10	9	1	0
13 - 15	3	4	3	1	33%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	15	16	14	2	4%

Financial Performance 2015/2016 FY : Traffic Services					
					R'000
Details	2014/2015 FY	2015/2016 FY			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	30,294	5,060	5,770	47,748	-74%
Expenditure:					
Police Officers					
Other employees	6,301	9,847	11,215	9,067	81%
Repairs and Maintenance	291	453	176	82	22%
Other	9,945	10,156	12,291	4,813	39%
Total Operational Expenditure	16,537	20,456	23,682	13,962	60%
Net Operational Expenditure	13,757	-15,396	17,912	33,786	-88%

3.34 FIRE AND RESCUE

The Fire Brigade Services Act no 99 of 1987 and its related amendments give mandate to municipalities to render the fire services to prevent and fight fires in the municipality's jurisdiction.

The Fire & Rescue services are dedicated to the protection of life, property and rendering humanitarian service . This section deals with fire safety inspections, risk analysis, conduct business inspections and public places to ensure compliance, sensitize and educate the community about fire related incidents. It further extends its services regarding Public Information Education Relations sessions at schools, businesses and at the level of the community.

The Centralized Communications Centre (CCC) deals with non-emergency and emergency calls. All complaints are then referred to relevant departments. The Centre operates on 24 hour basis.

ire Service Data				
	Details	**2014/2015 FY**	**2015/2016 FY**	
		Actual No.	**Estimate No.**	**Actual No.**
1	Total fire calls attended to	455	N/A	133
2	Total of other incidents attended to	13	N/A	64
3	Average turnout time - urban areas	1.19min	3min	1.34min
4	Average turnout time - rural areas	1.19min	3min	2.39 min
5	Fire calls attended(Needs driven)	100%	100%	100%
6	Motor vehicles accidents attended	100	100	374
7	Hazardous Material Incidents responses	5	5	1
8	Fire Prevention Inspections done	70	70	78
9	Fire Hydrants serviced and maintained	80	80	240

The average turnout time for rescue and emergency calls was under 3 minutes standing at 2.39 minutes and the average response time to emergencies was less than 20 minutes standing at 19 minutes. A total of 4 Public Information Education Relations sessions were conducted for businesses with the primary objective to educate them on fire safety.

Fire Service Policy Objectives Taken From IDP						
Service Objectives	**Outline Service Targets**	**2014/2015 FY**		**2015/2016 FY**		
		Target	**Actual**	**Target**		**Actual**
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**	
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**
Service Objective: Inadequate safety, security and emergency services in the outlying areas						
	a) Inspection of hydrants	a) 132	a) 132	a) 132	a) 132	a) 240
	b) Servicing of fire extinguishers	b) 121	b) 121	b) 121	b) 121	b) 275
	c) Turnout time	c) 1.34 min	c) 1.34 min	c) 1.34 min	c) 1.34 min	c) 2.39 min
	d) Response time	d) 16 min	d) 16 min	d) 16 min	d) 16 min	d) 19 min
	e) Scrutinizing of building plans	e) 436	e) 436	e) 436	e) 436	e) 302

Employees: Fire Services					
Job Level	**2014/15 FY**	**2015/2016 FY**			
Fire Fighters	**Employees**	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
Administrators	**No.**	**No.**	**No.**	**No.**	**%**
0 – 3	0	0	0	0	0
4 – 6	5	5	5	0	0
7 – 9	0	1	0	1	100%
10 – 12	16	18	16	2	89%
13 – 15	1	3	1	2	67%
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	22	27	22	5	19%

PUBLIC NUISANCES

Even though disaster management will be implemented at local level, the Council does not budget for the service as in terms of Powers and Functions (Municipal Structures Act), Disaster Management is a District function.

Animal Licensing has been overseen due not having by-laws in place. We do however have an agreement with our local SPCA to assist us with problematic animals. In addition to this support, we have a close working relation with State Veterinary Services addressing animal health.

No public nuisances were experienced during the reporting period but will such situations be handled under the operational budget as in terms of the MFMA, Council is not allowed to budget for possible incidents.

3.35 SPORT AND RECREATION

Sport and recreation is drawn directly from Schedule 4 and 5 of the Constitution of the Republic of South Africa, 1996. These schedules describe the functional areas of provincial legislative competence. Part A includes provincial sport as a competence of provincial departments of sports and Part B lists local sport and recreational facilities as an area where SACR has a role in supporting and monitoring local authority.

The municipality recognizes the fact that residences within its borders have vast talents in sports and wants to give formal recognition to those who excel locally. The focus is on the following adopted codes by Minister of Sport:-

The imposition of the seven priority codes (Netball, Football, Cricket, Rugby, Athletics, Boxing and Aquatics.

Seven priority codes are part of the developmental programme adopted in order to open up opportunities to and expose communities to different codes which were not readily available or familiar to their environment various. Projects in this regard are as follows:-

Sport Development: Focus area:

Increase the professional and skilled human resource capacity required to deliver school, recreational and competitive events and:

Increasing the number and performance of athletes by nurturing and developing identified talent and high performance talent.

In order to arrive and achieve the above strategic objective, ward games were contemplated in the form of ward competitions.

3.36 SPORT AND RECREATION

Ward games
Business plan compiled and submitted to private sector for sponsorships and no responses received. The business plan has been submitted to SACR and SALGA working committee for consideration.
The sponsorship of sport equipment has been received from Coca Cola Valprè
OR. Tambo Inter-Municipal Municipal Games: Participated Sport in (19) sporting codes.

- Hosted “International Condom Day.”
- Hosted Regional Netball Tournament.
- Mayor’s Golf Tournament.

Arts and culture

- Carnival Event: Participated in carnival event held at Tshwane.
- An Information sharing session was held with the Arts Practitioners to establish Arts Forum.
- A research was conducted of the late activist, Mrs. Alina Mokoena who participated in the 1956 Women’s March.

Capital Expenditure 2015/16 FY : Sport and Recreation

R' 000

Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	–	–	–	–	–
Sports field Impumelelo (Devon)	–	808	270	33%	-

No capital projects were undertaken from Lesedi but the municipality is involved in assisting in terms of project facilitation funded by provincial departments including district municipality. The sites where projects are implemented belong to the municipality. The projects are captured on the Lesedi IDP and were approved. Currently Impumelelo Sports Facility Development project is under construction on phase two (2). The project is funded by Gauteng department of Rural Development to the tune of R7,1 million and the scope of work is as follows:-

- Clearing of the site;
- Installation of underground storm water;
- Installation of concrete open channel storm water;
- Renovation of existing community hall;
- Construction of roofed pavilion;
- Upgrading of unroofed pavilion;
- Construction of paved parking area;
- Upgrading of football pitch;
- Installation of concrete benches;
- Upgrading of existing multi-purpose court and;
- Construction 2m wide walkways.

Extension 7 Multi-purpose court

The Gauteng Department of Sport, Arts, Culture and Recreation has upgraded the multi-purpose court of the extension 7 sport facility in Ratanda to the tune of R500 000.00. The new multi-purpose court will be constructed in Ratanda Township stadium. Vandalized ablution block in Ratanda has been renovated by department at the tune of R480 000.00

3.40 CORPORATE POLICY OFFICES AND OTHER SERVICES

Corporate Services Department is central to the governance in the Municipality. Corporate Service in the main is expected to provide the following support services to Municipal Departments:-

- Human Resources
- ICT
- Facilities Management
- Secretariat
- Legal
- Security
- Records Management

3.41 EXECUTIVE AND COUNCIL

Council members have been elected by an electorate to make decisions on their behalf regarding service delivery within the municipality. Thus, the council has the responsibility to oversee the executive actions of the appointed officials acting on its behalf. The Mayoral Committee is appointed to assist the council in formulating guidelines (policies) for operation; to monitor the operations of the appointed officials; and to evaluate results on behalf of Council.
The Accounting Officer and other HODs are appointed to manage the administration of the municipality.

Financial Performance 2015/16 FY : The Executive and Council					
Details	**2014/15 FY**	**2015/16 FY**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	88,595	90,151	95,932	94,725	99%
Expenditure:					
Employees	15,756	18,126	16,827	16,719	99%
Repairs and maintenance	245	283	258	153	59%
Other	22,153	12,612	21,921	26,859	-49%
Total Operational Expenditure	38,154	31,021	39,006	41,711	-7%
Net Operational Expenditure	50,441	59,130	56,926	53,140	93%

As required by the Municipal Systems Act, (Chapter 6 – Section 38) a Performance Management System is in place, the municipality has also developed a performance management policy and framework. The Annual Performance Report which outline the overall performance of the municipality during the 2015/16 financial year is attached as **Annexure: C**

3.42 FINANCIAL SERVICES

There was no capital projects budgeted for the financial services department during the financial year as per the IDP. All capital projects were for the infrastructure department.

Debt Recovery					
R' 000					
Details of the types of account raised and recovered	2014/15 FY		2015/16 FY		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %
Property Rates	84,459	90%	84 661	89,841	89%
Electricity	216,219	90%	235 574	261,815	89%
Water	70,209	90%	72 251	84,728	89%
Sanitation	20,711	90%	20 507	23,909	89%
Refuse	25,598	90%	25 412	27,811	89%
Other	1,079	90%	3 456	1,132	89%

Financial Service Policy Objectives Taken From IDP						
Service Objectives	**Outline Service Targets**	**2014/15 FY**		**2015/16 FY**		
		Target	**Actual**	**Target**		**Actual**
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**	
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**
Service Objective:						
Reduce water and electricity losses and theft	Number of meter audits conducted	0	0	0	2824	10800
Basic Service Delivery	Number of indigent households receiving free basic electricity	2000	5008	5008	3000	4376
Increase revenue generation	Development of financial turnaround plan	0	0	0	Turnaround plan / Revenue enhancement strategy developed	Turnaround plan / revenue enhancement strategy developed
Financial viability	Debt recovery time	0	313	313	302.8	302.8

		Financial Services			
Job Level	2014/15 FY	2015/16 FY			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	2	2	2	0	0%
7 - 9	20	24	20	4	0%
10 - 12	7	9	8	1	11%
13 - 15	3	4	3	1	25%
16 - 18	4	4	4	0	0%
19 - 20	0	0	0	0	0%
Total	36	43	37	6	14%

Financial Performance 2015/16 FY : Human Resource Services					
					R' 000
	2014/15 FY	**2015/16 FY**			
Details	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total operating revenue	1,493	0	1,500	2,469	-64%
Expenditure:					
Employees	3,244	3,473	2,762	2,915	98%
Repairs and Maintenance	5	0	0	0	0%
Other	6 346	4,495	3,042	2,908	95%
Total Operational Expenditure	9 595	7,968	5,804	5,628	97%
Net Operational Expenditure	-8,102	-7,968	-4,304	-3,159	73%

There was no capital projects budgeted for the financial services department during the financial year as per the IDP. All capital projects were for the infrastructure department.

3.43 HUMAN RESOURCE SERVICES

According to Section 57 of Municipal Systems Act, Municipality should establish a Human Resource Development in accordance with applicable law and subjected to applicable Collective Agreement must develop and adopt an appropriate systems and procedure in consistent with uniform standards prescribed in terms of Section 72(1)(c) to ensure the, efficient, effective and transparent administration.

Human Resources will be reviewing policies in financial year 2016/17 amongst others the following key policies: namely; Leave Management Policy; Recruitment Policy; Code of Conduct and Disciplinary Procedure. We have also improved our systems with regard to payroll, with the intention of eliminating the Auditor General findings which have been recurring over a number of years.

The critical position of the CFO was filled in the year under review.

The Workplace Skills Plan (WSP) was successfully completed and training commenced in August 2014 which continued up to September 2015 and successfully completed in line with the institution's Human Resources Development (HRD) Strategy

The abovementioned training /learnership are as follows:-

- Generic Management Learnership-20 staff members (R480 000)
- Project Management- 9 staff members (R180 000)
- Ornamental Horticulture learnership – Unemployed 40 – Employed 80 (R2 640 000)
- Plumbing & Electricity Artisans Skills Training -40 staff members (R260 000)
- End User Computing-22 staff members (R180 000)
- CPMD completed at Wits -14 staff members (Management level) (R672 000)
- Tractor Driver Training - 20 learners (R150 000)
- Internships on LED (R510 000), IDP (R300 000), Environmental Health, Safety and Security (Grant)
- Horticulturist for parks (Grant) (R150 000)
- Fire and Rescue learnership - Unemployed 13 – Employed 22 (R786 000)
- Records Management learnership – Unemployed 14 – Employed 19 (R342 000)
- Roads Maintenance learnership - Unemployed 22 – Employed 32 (R595 500)
- Herbicide Training Short Skills Programme – 20 Staff members (R150 000)
- Brush cutter Operation Short Skills Programme – 20 Staff members R150 000)
- OHS Committee Member Training – 10 members (R190 000)
- Traffic Learnership – 10 (R744 800)
- Arboriculture Short Skills Programme – 20 Staff members (R150 000)
- Arboriculture Short Skills Programme – 20 Staff members

Human Resource Services Policy Objectives Taken From IDP						
Service Objectives	**Outline Service Targets**	**2014/15 FY**		**2015/2016 FY**		
		Target	**Actual**	**Target**		**Actual**
Service Indicators		**Previous Year**		**Previous Year**	**Current Year**	
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**
Municipal transformation and institutional development						
Improve organisation knowledge	Number of section 57 positions filled as per organogram annually	6	6	6	6	5
Optimise systems administration and operating procedures	Percentage of internal ICT calls logged and resolved.	100%	100%	100%	100%	100%
	Average number of days taken to finalise internal disciplinary hearings from date of the filing of the misconduct/grievance	0	0	0	90	90
	Implementation of the South African Local Government Bargaining Council disciplinary procedure and code collective agreement.	100%	100%	100%	100%	100%

Employees: Human Resource Services					
Job Level	**201415 FY**	**2015/2016 FY**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	2	2	0	0%
10 - 12	3	3	1	2	67%
13 - 15	2	2	2	0	0%
16 - 18	0	1	0	1	100%
19 - 20	0	0	0	0	0%
Total	6	8	5	3	38%

Financial Performance 2015/16 FY : Human Resource Services					
					R' 000
	2014/15 FY	**2015/16 FY**			
Details	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total operating revenue	1,493	0	1,500	2,469	-64%
Expenditure:					
Employees	3,244	3,473	2,762	2,915	98%
Repairs and Maintenance	5	0	0	0	0%
Other	6 346	4,495	3,042	2,908	95%
Total Operational Expenditure	9 595	7,968	5,804	5,628	97%

3.44 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The improvement of ICT processes & capabilities, and the establishment of the ICT governance framework that supports and enables the business, delivers value and improves performance have contributed to a positive ICT audit outcome. Auditor General Findings reduced from 14 to 3 in the 2015/16 financial year.

The availability, stability and integrity of our ICT systems and infrastructure continue to improve with no major incidents experienced.

The overall conclusion of the Master System Plan (MSP) revision exercise in 2015 was that the Municipality, due to its size, has limited financial resources and cannot afford expensive ICT skills, expensive ICT infrastructure and expensive ICT management services (e.g. Architecture, Application System Development, DR). The strategic choices selected includes: preferred use of web based systems from larger municipalities / province; robust communication infrastructure; advanced security management; and strong relationship management.

Significant progress has been made towards the achievement of strategic objectives in the revised MSP:

Modernise ICT Infrastructure

- Desktops, Laptops, windows software and endpoint security software are being standardised and upgraded. 80% complete.
- Local and wide area network connectivity has been reviewed and is in the process of being upgraded. A fibre network link to Ekurhuleni Metro Municipality (EMM) has been established to enable sharing of application programs, access to EMM Data centre for disaster recovery and reliable and faster connection to remote municipality offices in the Springs and Devon areas.
- A 20MB (fast) internet access link has been installed. This service is leased from and managed by Telkom.
- Voice over IP phones that reduces communications costs have now been installed in all municipal offices.
- Managed Microsoft Exchange email system has been implemented.
- Public Wifi was successfully piloted at the Ratanda municipal offices. Gauteng Broadband Network installation which includes public Wi-Fi has commenced and is scheduled for completion in July 2017.
- ICT Security assessment has been done. Recommendations will be implemented in phases.

Implement Citizen centric computer applications. The following solutions have been implemented:

- Customer Contact Centre ICT infrastructure and applications.
- Electronic Statements for Citizen convenience and postage savings
- Bulk SMS facility for communicating to Citizens

Improve Business Process Management across departments

- Municipality Intranet to improve internal communication has been implemented.

Employees: ICT Services					
Job Level	2014/15 FY	2015/16 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	4	1	3	75%
10 - 12	1	3	1	2	67%
13 - 15	0	2	0	1	50%
16 - 18	0	1	0	1	0%
19 - 20	0	0	0	0	0%
Total	2	10	2	7	60%

A Chief Information Technology Officer commenced work in Mar 2015 on a contractual basis. Three vacant positions have been outsourced, however these positions will be internalized in the 2016/17 FY.

Financial Performance Year 2015/16 FY: ICT Services					
					R' 000
	2014/15 FY	2015/16 FY			
Details	**Actual**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	26	–	48	24	50%
Expenditure:					
Employees	1,321	3,150	1,321	1,644	-24%
Repairs and Maintenance	109	100	100	237	-37%
Other	10,372	7,265	8,126	9,206	-13%
Total Operational Expenditure	11,802	10,515	9,547	11,087	-16%
Net Operational Expenditure	-11,776	-10,515	-9,499	-11,063	-16%

Capital Expenditure 2015/16 FY : ICT Services					
					R' 000
	2015/16 FY				
Capital Projects	**Budget**	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total	1,750	1,470	1,115	76%	N/A
					N/A
Computer Hardware	1,500	1,410	1,115	79%	N/A
Telephone System	0	0	0	0%	N/A
Software	250	60	0	0%	N/A
The total project value for ICT is not applicable as the municipality did not have long term projects during 2015/16 financial year.					

3.45 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The Legal division handles all Municipal legal matters. Depending on the merits of each matter a decision may be taken through the blessing of the Accounting Officer. A panel of Legal Team will be advertised in financial year 2016/17 to assist in legal matters in terms of MFMA. We are currently in the process of gazetting by-laws to ensure that the risks associated with litigation are minimized, due to current financial state only SPLUMA by-law was promulgated and the rest will follow as soon as the Municipality is liquid.

Facilities division was established to ensure efficient and effective management of municipal properties.

Risk Management

A risk management policy has been developed to assist the municipality in identifying operational and strategic risks with the intention of minimizing the level each risk identified.

Procurement Services

The municipality strives to provide efficient procurement services to its internal services in line with Supply Chain Management Policy.

Financial Performance 2015/16: Legal and Corporate

R'000

Details	2014/15 FY	2015/16 FY			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5	5	4	6	-50%
Expenditure:					
Employees	6 009	6,508	6,623	6,628	100%
Repairs and Maintenance	9	28	4	6	50%
Other	4,415	1,887	3,043	2,135	70%
Total Operational Expenditure	10,433	8,423	9,670	8,769	91%
Net Operational Expenditure	-10,428	-8,418	-9,666	-8,763	91%

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	**2014/15 FY**	**2015/16 FY**			
	Employees	**Approved Posts**	**Employees**	**Vacancies**	**Vacancies**
	No.	**No.**	**No.**	**No.**	**%**
Water	31	53	45	6	9.7%
Waste Water (Sanitation)	40	75	75	1	1.33%
Electricity	47	56	46	2	17.88%
Waste Management	48	31	30	1	1.30%
Housing	7	16	13	3	18.75%
Waste Water (Stormwater Drainage)	19	19	19	0	-
Roads	48	50	47	3	3%
Transport	0	0	0	0	-
Planning	15	17	16	1	5.88%
Local Economic Development	6	7	6	5	1%
Planning (Strategic & Regulatory)	0	0	0	0	-
Community & Social Services	192	228	213	15	6.58%
Environmental Protection	0	0	0	0	-
Health	10	8	8	1	12.5
Security and Safety	0	0	0	2	-
Sport and Recreation	2	5	4	1	2%
Corporate Policy Offices and Other	103	141	124	17	12.06
Total	568	706	646	58	8.74%

Vacancy Rate – 2015/16 Financial Year			
Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using fulltime equivalents)	Vacancies (as a proportion of total posts in each category)
	No.	**No.**	**%**
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	3	1	1
Other S57 Managers (Finance posts)	N/A	N/A	N/A
Police officers	N/A	N/A	N/A

Vacancy Rate – 2015/16 Financial Year			
Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using fulltime equivalents)	Vacancies (as a proportion of total posts in each category)
Fire fighters	21	2	0%
Senior management: Levels 13-18 (excluding Finance Posts)	30	25	80.00
Senior management: Levels 13-18 (Finance posts)	7	1	14.29
Highly skilled supervision: levels 9-12 (excluding Finance posts)	88	18	20.45
Highly skilled supervision: levels 9-12 (Finance posts)	13	2	15.38
Total	163	33	20.25

Turn-over Rate 2014/15– 2015/16 Financial Year			
Period	**Total Appointments as of beginning of Financial Year**	**Terminations during the Financial Year**	**Turn-over Rate**
2012/13	628	202	32%
2013/14	562	137	24%
2014/15	592	100	25%
2015/16	400	175	44%

Appointments of Executive Managers

- The CFO is Mr. Paul Mpele who commenced duties on the 1st May 2016.
- The Executive Manager Corporate Services is Mr. Khongi Molohlanye who commenced duties on the 24 June 2013.
- The Executive Manager Community Services is Mrs. Cynthia Mokoena who commenced her duties on the 1 July 2013.
- The Executive Manager for Infrastructure Services is Mr. Isaac Rampedi who commenced his duties on 01 September 2013.
- Mr. Jabu Marwa is the Executive Manager for LED and Planning who commenced his duties on February 2014.

Turnover:

- Four Hundred (400) new appointments were filled, including temporary and contractual people.
- Eleven (11) resignations was received including temporary and contractual people.
- One (1) person went on pension
- Two (2) people passed on
- One (1) person declared medically unfit

MANAGING THE MUNICIPAL WORKFORCE

The following strategy and policy has been developed:

- Draft HR Strategy and Plan.
- Draft Retention Policy.
- Draft Fleet Management Policy
- Draft Allocation and Transfer of Tenancy on Municipal Rental Housing Stock.

The following policies have been reviewed:

- Recruitment Policy
- Leave Policy
- Overtime Policy
- EAWP Policy
- OHS Policy

The following committees were established and are currently still operational:

- Employment Equity Committee.
- OHS Committee
- HR Development Committee.

All new appointments are being vetted for qualifications and criminal checks.

All new Section 57 (now 56's) are sent for competency tests and that is given to the MM.

4.2 POLICIES

All approved policies relevant to Human Resources have been reviewed and implemented in the year under review.
The LLF is fully functional and it served to the Senior Management Team then to LLF then to Section 80 and then finally to Council.
A HR Policy Road show has been embarked upon to train and share the information of the policies to all staff. This will continue with vigorously in the next financial year by making sure that each staff has a copy of the policies.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number of days and Cost of Sick Leave (excluding injuries on duty) – 2015/16 Financial Year					
Salary band	**Total sick leave**	**Proportion of sick leave without medical certification**	**Employees using sick leave**	**Total employees in post**	**Average sick leave per Employees**
	Days	**%**	**No.**	**No.**	**Days**
Lower skilled (Levels 1-2)	0	0	0	0	0%
Skilled (Levels 3-5)	890	15%	59	191	4.65%
Highly skilled production (levels 6-8)	401	10%	33	81	4.95%
Highly skilled supervision (levels 9-12)	410	5%	29	54	7.6%
Senior management (Levels 13-15)	220	2%	7	20	11.0%
MM and S57	10	0%	4	4	2.5%
Total	**1931**	**32%**	**132**	**350**	**30.7%s**

Municipality has been operating without taking into account the health and safety issues. This year we have prioritized safety of employees by taking the following steps as an intervention:-

An assessment of the working environment was conducted and a status report was compiled.

- Health and safety policy developed.
- Health and Safety Committee was established and members have been trained.
- A position of Employee Wellness practitioner has been created and will be budgeted in the next financial year.
- Injury on Duty Policy (IOD) was developed as a guiding tool.

Training was conducted on the importance of safety in the work place, in order to capacitate 25 OHS representatives through the University of Pretoria and 10 representatives were trained through the assistance of Emfuleni Local Municipality.
With regards to sick leave, the trends and tendencies are being monitored by the HR Administrator through a monthly report sending it to supervisor's making them aware of the trends and prompting them to find out reasons for such and to intervene.
Performance Counselling are conducted in instances where serious trends are being picked up before disciplinary action are implemented to ensure corrective action are taken.

Number and Period of Suspensions: 2014/15 -2015/16 Financial Year

Position	Initials & Surname	Nature of Alleged Misconduct	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Cashier	D Moeketsi	Theft	Final written warning (No cost implication)	18 November 2015
General Worker	M Khumalo	Theft	Dismissal (No cost implications)	22 May 2015
MM	A Makhanya	Payment of annual cost of living increase to Municipal Employees and Senior Management without prior council approval.	Suspension (R397 827)	Pending

CAPACITATING THE MUNICIPAL WORKFORCE

The skills audit was conducted and finalized as part of the Re-Engineering Project. The report highlighted a number of gaps which needs to be addressed. Plans are in place to enroll staff members into different programmes based on their levels. Partnerships are also being forged with local colleges, e.g. Sedibeng College to design and implement special curricular based on the Skills audit outcome.

According to the Treasury Regulations and the Municipal Systems Act Section 56's need to have certain competencies and qualifications as well as senior managers and financial officials in this regard the HR Section ensured to adhere to the Treasury Regulations sending officials to complete the Municipal Finance Management Program or CPMD at Wits.
Shortages of skills were addressed by training general workers in the Electrical section as artisans and Water and Sanitation as plumbers.

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2015/16 FY	Number of skilled employees required and actual as at 30 June 2015/16 FY											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2014/15 FY	Actual: End of 2015/16 FY	2015/16 Target FY	Actual: End of 2014/15 FY	Actual: End of 2015/16 FY	2015/16 FY Target	Actual: End of 2014/15 FY	Actual: End of 2015/16 FY	2015/16 FY Target	Actual: End of 2014/15 FY	Actual: End of 2015/16 FY	2015/16 FY Target
MM and s56	F	1	1	1	0	0	0	0	1	1	1	0	0	1
	M	5	3	4	0	0	0	0	0	0	5	0	0	5
Councillors, senior officials and managers	F	9	5	8	8	0	3	8	5	0	3	0	0	4
	M	14	8	18	18	0	4	18	21	0	6	0	0	3
Technicians and associate professionals*	F	14	8	4	30	15	0	20	4	0	0	0	0	0
	M	104	114	30	70	105	0	15	12	0	0	0	20	0
Professionals	F	8	6	25	15	10	6	6	5	0	0	0	0	8
	M	15	4	55	20	10	20	3	10	0	0	0	0	0
Sub total	F	29	0	0	0	0	0	0	0	0	0	0	0	0
	M	135	0	0	0	0	0	0	0	0	0	0	0	0
Total		328	148	145	161	140	33	70	58	2	14	0	0	21

AGING THE WORKFORCE EXPENDITURE

The workforce expenditure is monitored closely and in the year under review the expenditure was kept within the required rate. The newly developed organisational structure is also within 20% and 24% of the norm. There is prioritisation of filling of positions taking into consideration the ever changing patterns in revenue.

4.6 EMPLOYEE EXPENDITURE

As a result of the re-engineering process there were upward movements on the grades of employees through the implementation of task grading which has been completed.

CHAPTER 5 – FINANCIAL PERFORMANCE

Employee Costs - 21% of total operating expenditure. This is 9% below the expected norm of 30% mainly due to vacancies during the financial year.
Repairs and maintenance costs - 3% of total expenditure. This appears very low when compared to expected norm and was in line with the budget for the financial year.
General expenses - 14% of total expenditure and the main contributing factor is the security fees.
Finance charges are 2% of the total expenditure. Impairment costs are 18% of total expenditure. Debt impairment for the year amounted to R122 million and at an average collection rate of 83.33% for the financial year; 1.67% below the target of 85% due to lack of proper implementation and monitoring of the credit control and debt collection policy during the financial year. Debt impairment is driven by payment of services by the municipality's consumers.
The municipality spent 77% of its capital expenditure. 100% was spent on Municipal Infrastructure Grant except for R1.6 million unspent on libraries though it was committed as at 30 June 2016 and R1.4 million on INEG.
Of the own funded Capital expenditure the municipality spent 63% (R4.3 million) compared to a budget of R6.9 million due to unexpected spike of some operational expenditure which took cash from own funding capital expenditure. This was in line with the collection rate of 83.33% for the financial year as own funded projects depend on the extent to which the municipality is able to collect its revenue.

STATEMENTS OF FINANCIAL PERFORMANCE

The municipality realised a deficit of R7, 5 million for the financial year and this was mainly due to the estimated non-cash items (Depreciation R42.1 million, debt impairment R122 million) which does not necessarily mean that the municipality is in the red.

The municipality will continue to fully implement the credit control and debt collection policy and maintain the sound control environment during the 2015/16 financial year and to ensure improved, consistent and sustainable financial viability of the municipality.
Distribution losses increased in the current financial year compared to the previous financial year, from 14% (R17, 509, 431) during the 2014/15 to 16.53% (R25, 387, 800.95) during the current financial year (2015/16). Water distribution losses worsened from 20% (R6, 472,464) during the 2014/15 to 20.45% (R10, 878, 359.38) during the current financial year (2015/16). The municipality has a substantial asbestos pipes in Heidelberg and this is the main contributor to the high water distribution losses, whilst for electricity, we remain with high level of theft due to bypassing of meters.
The water distribution losses are considered to be within the norm of 35% and for electricity are considered to be higher than the norm of 10%.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
Description	2014/15 FY	Current: 2015/16 FY			2015/16 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance:						
Property rates	84 459	85,592	90,891	89,841	-5%	99%
Service charges	333 927	391,037	407,658	399,395	-3%	98%
Investment revenue	11 520	9,390	14,586	11,771	-25%	81%
Transfers recognised - operational	84 718	101,502	94,786	94,455	93%	100%
Other own revenue	6 727	10,517	13,391	58,310	-54%	-35%
Total Revenue (excluding capital transfers and contributions)	521 351	598,039	621,312	653,773	-9%	-5%
Employee costs	128,403	137,425	137,803	142,132	-3%	-3%
Remuneration of councillors	8,433	8,660	9,220	9,223	-6%	100%
Depreciation & asset impairment	41,948	38,026	41,701	43,409	-14%	-4%
Finance charges	97,349	4,795	10,646	14,458	-17%	-24%
Materials and bulk purchases	217,37	229,909	241,362	255,242	-11%	-6%
Transfers and grants	0	0	0	0	0%	0%
Other expenditure	0	0	0	0	0%	0%
Total Expenditure	627,166	598,039	621,312	653,773	-9%	-5%
Surplus/(Deficit)	10,191	52,640	45,132	-480	-0.9%	-1.06%
Transfers recognised - capital	33 210	35,629	43,012	35,380	99%	82%
Contributions recognised - capital & contributed assets	0	0	0	0	0	0
Surplus/(Deficit) after capital transfers & contributions	16 840	52,640	45,133	642	-1%	-1%
Share of surplus/ (deficit) of associate	0	0	0	0	0	0
Surplus/(Deficit) for the year	16 840	52,640	45,133	642	-1%	-1%
Capital expenditure & funds sources						
Capital expenditure	36 365	52,199	45,086	32,254	62%	71%
Transfers recognised - capital	33 210	36,099	37,702	27,269	75%	72%

Financial Summary						
R' 000						
Description	2014/15 FY	Current: 2015/16 FY			2015/16 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Public contributions & donations	–	0	0	0	0%	0%
Borrowing	–	0	0	0	0%	0%
Internally generated funds	3,498	16,100	7,384	4,985	-81%	-71%
Total sources of capital funds	36 365	52,199	45,086	32,254	62%	71%
Financial position						
Total current assets	91,738	0	0	121,703	n/a	n/a
Total non-current assets	827,580	0	0	815,339	n/a	n/a
Total current liabilities	144,762	0	0	158,357	n/a	n/a
Total non-current liabilities	117,823	0	0	121,594	n/a	n/a
Community wealth/Equity	656,692	0	0	657,092	n/a	n/a
Cash flows						
Net cash from (used) operating	68,695	70,667	44,581	30,508	n/a	n/a
Net cash from (used) investing	-55,144	-52,199	-52,287	-38 227	n/a	n/a
Net cash from (used) financing	-2,823	-3,063	-3,063	-3,063	n/a	n/a
Cash/cash equivalents at the year end	18,976	21,390	8,207	14,989	n/a	n/a
Cash backing/surplus reconciliation						
Cash and investments available	18,976	21,390	8,207	14,989	n/a	n/a
Application of cash and investments					n/a	n/a
Balance - surplus (shortfall)	18,976	21,390	8,207	14,989	n/a	n/a
Asset management						
Asset register summary (WDV)	827,580	835,691	871,291	815,339	n/a	n/a
Depreciation & asset impairment	41,128	38,026	41,701	43,509	n/a	n/a
Renewal of Existing Assets	–	0	0	0	n/a	n/a
Repairs and Maintenance	24,350	22,171	23,118	21,475	n/a	n/a

Financial Summary						
R' 000						
Description	2014/15 FY	Current: 2015/16 FY			2015/16 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Free services						
Cost of Free Basic Services provided	n/a	n/a	n/a	n/a	n/a	n/a
Revenue cost of free services provided	n/a	n/a	n/a	n/a	n/a	n/a
Households below minimum service level						
Water:	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation/sewerage:	n/a	n/a	n/a	n/a	n/a	n/a
Energy:	n/a	n/a	n/a	n/a	n/a	n/a
Refuse:	n/a	n/a	n/a	n/a	n/a	n/a

5.2 GRANTS

R' 000

Description	2014/15 FY	2015/16 FY			2015/16 FY Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	75,396	88,378	85,521	85,521	100%	100%
Equitable share	71,665	82,794	82,794	82,794	100%	100%
Municipal Systems Improvement	934	930	930	930	100%	100%
Municipal Demarcation Transition Grant	–	1,857	–	–	0.00%	0%
Levy replacement	–	–	–	–	0.00%	0%
Finance Management	1,528	1,450	1,450	1,450	100%	100%
EPWP Incentive	1,269	1,347	1,347	1,347	100%	100%
Provincial Government:	3,493	2,000	3,741	4,679	100%	100%
Health subsidy	–	–	–	24	–	–
GRAP 17 Compliance	1,000	1,000	1,000	1,000	100%	100%
Sustainable Resource Management Grant	1,430	-	-	-	0%	0%
LG Seta	1 493	-	1,000	2,469	-46%	-46%
BKB	-	-	467	186	40%	40%
Promulgation of Municipal spatial Planning	–	–	274	–	0%	0%
Sports and Recreation	500	500	500	500	100.%	100%
EPWP COGTA	500	500	500	500	100%	100%
District Municipality:	3,724	5,795	5,838	3,561	61%	61%
Health Subsidy	3,724	4,987	5,030	3,254	65%	59%
Other grant providers:	–	808	808	307	38%	38%
[insert description]						
Total Operating Transfers and Grants	84 719	110 335	108 090	94 455	98%	87%

All transfers and grants received for the year have been spent for the purposes they were received for where conditions were attached.

No grants were received from other sources.

5.3 ASSET MANAGEMENT

Asset management unit has been established and the positions have been filled. The municipality is phasing in the compilation of Fixed Asset Register in-house.

Electricity	
Name	Electricity network
Asset Type	Infrastructure
Key Staff Involved	Electrical engineers
Asset Value	**R2,100,000**
Capital Implications	None
Future Purpose of Asset	Service delivery
Describe Key Issues	None
Policies in Place to Manage Asset	Asset management policy
Roads	
Name	Roads
Asset Type	Infrastructure
Key Staff Involved	Engineers
Policies in Place to Manage Asset	Asset management policy.
Asset Value	**R8,976,458**

New projects were undertaken in the year under review mainly electricity network and roads. Others have been put on hold due to limited funds but will resume in the year under review.

Repair and Maintenance Expenditure: 2015/16 FY				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	25,968	26,024	24,738	95%

Repairs and maintenance expenditure was reduced due cash constraints during the financial year.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Employee Costs - 21% of total operating expenditure. This is 9% below the expected norm of 30% mainly due to vacancies during the financial year.
Repairs and maintenance costs - 3% of total expenditure. This appears very low when compared to expected norm and was in line with the budget for the financial year.
Finance charges and impairment costs - 20% of total expenditure. Debt impairment for the year amounted to R122 million and at an average collection rate of 83.33% for the financial year; 1.67% ahead of target of 85%. Debt impairment is driven by payment of services by the municipality's consumers.

SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

The municipality spent 77% of its capital expenditure. 100% was spent on Municipal Infrastructure Grant except for R1.6 million unspent on libraries though it was committed as at 30 June 2016 and R1.4 million on INEG.
Of the own funded Capital expenditure the municipality spent 63% (R4.3 million) compared to a budget of R6.9 million due to unexpected spike of some operational expenditure which took cash from own funding capital expenditure. This was in line with the collection rate of 83.33% for the financial year as own funded projects depend on the extent to which the municipality is able to collect its revenue.

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources:-1 to year 0						
	Year -1	Year 0				
Details	**Actual**	**Original Budget (OB)**	**Adjustment Budget**	**Actual**	**Adjustment to OB Variance (%)**	**Actual to OB Variance (%)**
Source of finance						
External loans	-	-	-	-	-	-
Public contribution donation	-	-	-	-	-	-
Grants and subsides	28 075	10 467	9 601	3 498	-63.57%	-66.58%
Other	90 790	32 037	61 362	51 520	-19.10%	-32.82%
Total	37 154	42 504	70 963	55 018	-22.47%	29.44%
Percentage of finance	-	-	-	-	-	-
External loans	-	-	-	-	-	-
Public contribution donations	-	-	-	-	-	-
Grants and subsides	-	-	-	-	-	-
Other						
Capital Expenditure	-	-	-	-	-	-
Water and sanitation	4 900	4 000	3 020	24	-99%	-99%
Electricity	6 372	7 000	21 200	19 937	35%	-6%
Housing	0	0	880	263	-100%	-70%
Roads and stormwater	25 709	30 387	40 054	29 629	-3%	-35%
Other	5 024	3 567	9 131	5 165	31%	-77%
Total	42 005	44 954	74 285	55 018	18%	-35%

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

R' 000					
Name of Project	**Current: 2015/16 FY**			**Variance: Current Year15/16 FY**	
	Original Budget	**Adjustment Budget**	**Actual Expenditure**	**Original Variance (%)**	**Adjustment variance (%)**
Roads Lesedi	0	15,755	14,086	0%	100%
WATER FEEDER PIPELIN	10,000	7,500	5,131	60%	100%
	2,500	2,000	1,015		
Electrical Reticulation	9,000	5,400	3,164		
	3,000	4,700	3,477		
* Projects with the highest capital expenditure in Year 14/15					
Name of Project - A	Roads Lesedi				
Objective of Project	Infrastructure development				
Delays	Funds/Technical expertise				
Future Challenges	Maintenance				
Anticipated citizen benefits	Accessible roads in Lesedi				
Name of Project - B	Bulk Supply: 6000 stands (Obed Nkosi)				
Objective of Project	Infrastructure development				
Delays	Funds/Technical expertise				
Future Challenges	Maintenance, theft of electricity, aging network				
Anticipated citizen benefits	Electricity supply				
Name of Project – C	Electrical reticulation				
Objective of Project	Infrastructure development				
Delays	**Funds/Technical expertise**				
Future Challenges	**Bypassing of electricity meters**				
Anticipated citizen Benefits	**Electricity supply**				
Name of Project – D	Road resealing				
Objective of Project	Infrastructure development				
Delays	Funds/Technical expertise				
Future Challenges	Maintenance				
Anticipated citizen Benefits	Accessible roads in Lesedi				
Name of Project – E	Upgrade water network				
Objective of Project	Infrastructure development				
Delays	Funds/Technical expertise				
Future Challenges					
Anticipated benefits	Water supply				

There were seven capital projects in the 2015/16 financial year under Infrastructure Services Department, electrification of Obed Nkosi Township, Refurbishment of traffic lights in Heidelberg and Ratanda CBD's, upgrading of bulk water supply for Kwazenzele Phase 2, construction of 5Ml reservoir at Vischkuil, upgrading of Kwazenzele waste water treatment works, construction of roads and stormwater at Kwazenzele Phase 1 and construction of roads and stormwater in Heidelberg extension 23 and 26.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Large amounts of infrastructure investments are required over the short term (5 to 10 years) to address the basic services backlog. Critical bulk water, sanitation and electricity infrastructure are needed for key economic and residential developments.
Due to insufficient cash flow emanating from low revenue collection rate in the previous years, maintenance and refurbishment backlogs have accumulated. It is evident that the municipal needs are significant and current budget cannot meet these needs.

Service Backlogs as at 30 June 2015-July 2016

				Households (HHs)
Description	**Service level above minimum standard**		**Service level below minimum standard**	
	No. HHs	% HHs	No. HHs	% HHs
Water	43001	97	1290	3
Sanitation	43001	90	4300	10
Electricity	43001	90	3702	10
Waste management	43001	83	7310	17
Housing		%		%

CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality realized a decreased in cash flows from operations of R30.5 million during the current financial year compared to R68.6 million in the prior year. A net cash outflow of R31.4 million was also realized with most of it being directed towards the purchase of property, plant and equipment compared to R55.1 million of the prior year. A net cash outflow of R3 million was realized from financing activities and together they contributed to net cash outflow of R3.9 million for the financial year but when compared to the opening bank balance of R18.9 million, the result is a positive cash position of the municipality amounting to R14.9 million as at 30 June 2016.
This indicates that although financial sustainability was a risk, it is not at an unacceptable level whereby the municipality would be unable to continue as a going concern.

5.9 CASH FLOW

Cash Flow Outcomes				
				R'000
Description	**2014/15 FY**	**Current: 2015/16 FY**		
	Audited Outcome	**Original Budget**	**Adjusted Budget**	**Actual**
Cash flow from operating activities				
Receipts				
Sale of goods and services	434,759	407,303	409,752	403,604
Grants	145,095	137,132	137,423	127,480
Interest income	11,521	7,888	7,409	11,772
Payments				
Employee costs	(132,493)	(146,085)	(146,085)	(148,085)
Finance charges	(11,478)	(5,851)	(5,851)	(14,458)
Suppliers	(378,708)	(329,720)	(358,066)	(349,805)
Net cash from/(used) operating activities	68,695	70,669	44,581	30,508
Cash flows from investing activities				
Purchase of property plant and equipment	(54,300)	(52,199)	(52,287)	(31,686)
Proceeds from sale of property plant and equipment	-	–	-	823
Proceeds from sale of investment property	-	-	-	-
Purchase of other intangible assets	(844)	–	–	(567)
Proceeds from sale of intangible assets	-	–	–	–
Net cash from/(used) investing activities	(55,144)	(52,199)	(52,287)	(31,431)
Cash flows from financing activities				
Increase in other financial liabilities	–			
Repayment of financial liabilities	(2,823)	(3,063)	(3,063)	(3,063)
Repayment of short term loans	–	–	-	-
Net cash from/(used) financing activities	(2,823)	(3,063)	(3,063)	(3,063)
Net increase/ (decrease) in cash held	10,728	15,405	(10,769)	(3,987)
Cash/cash equivalents at the year begin:	8,248	5,985	18,976	18,976
Cash/cash equivalents at year end:	18 976	21,390	8,207	14,989

5.10 BORROWING AND INVESTMENTS

The municipality only borrowed funds from the Development Bank of South Africa and these are loans that were concluded in previous financial years.
No new borrowing facilities were concluded during the financial year. Investments are made with various banking institutions based on a favourable interest rate and they are largely driven by the conditional grant funding where funds are only withdrawn when certain conditions of the grant are met.

Municipal and Entity Investments			
			R' 000
Investment type	2013/14 FY	2014/15 FY	2015/16 FY
	Actual	Actual	Actual
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
973 166Deposits - Bank	8,246	18,973	14,988
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers' Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.
The annual financial statements and annual report (inclusive of the performance report) were submitted to the Auditor-General of South Africa (AGSA) on 31 August 2015. The AGSA commenced with the annual audit during August 2015 and completed the audit in November 2015. The management and audit reports were issued at an event organized by the AGSA attended by our Executive Mayor, the Municipal Manager and Chief Financial Officer on 2 December 2015.

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

The municipality had an unqualified opinion with other matters from the Auditor-General of South Africa.

AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:
The municipality welcomed another unqualified opinion with other matters from the Auditor-General of South Africa. The Report of the Auditor General is attached as Annexure B of this report.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES
Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements. Signed (Chief Financial Office Dated

6.3 ACTION PLANS TO ADDRESS AG FINDINGS 2015/16 FY

The action plan to address AG Findings for 2015/16 FY is attached as Annexure D.

GLOSSARY

Accessibility indicators	**Explore whether the intended beneficiaries are able to access services or outputs.**
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development	Set out municipal goals and development plans.

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Plan (IDP)	
National Key Performance Areas	• Municipal transformation and institutional development • Basic Service Delivery • delivery & infrastructure • Local Economic Development • Financial viability and management • Good governance and public participation • Cross cutting
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a “vote” as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time / Part Time**	**Committees Allocated**	**Ward and/ or Party Represented**	**Percentage Council Meetings Attendance**	**Percentage Apologies for non-attendance**
	FT/PT			**%**	**%**
Cllr TS Moremi (Speaker of Council)	FT	Chair of Council	PR	87%	13%
Cllr LF Maloka (Executive Mayor)	FT	Chair of the Mayoral Committee	PR	87%	13%
Cllr LL Batsege	PT	Infrastructure Development and Cooperate & Legal Section 80	Ward 4	73%	27%
Cllr M Boshof	PT	Petition, Cooperate & Legal and LED & Planning	PR	93%	7%
Cllr GL Coetzee	PT	MPAC (DA Chief whip)	Ward 10	53%	47%
Cllr RCA Eberwein	PT	Community Services and LED & Planning Section 80	PR	87%	13%
Cllr RS Hlatshwayo	PT	Community Services and LED & Planning Section 80	PR	53%	47%
Cllr JM Lekala	PT	Community Services and Infrastructure Development Section 80	PR	80%	10%
Cllr ST Makhubu	FT	MMC Community Services Section 80	PR	93%	7%
Cllr RS Loubser	PT	MPAC and Finance	Ward 8	27%	73%
Cllr BA Simelane	PT	Infrastructure Development and Legal & Cooperate Section 80	Ward 12	87%	13%
Cllr SD Mkhwanazi	PT	MPAC (Chairperson)	Ward 6	73%	27%
Cllr MP Mtshonyane	PT	Petition/LLF/Finance Section 80	Ward 1	80%	10%
Cllr LJ Mokoena	PT	Finance and Community Services Section 80	Ward 2	80%	10%

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time / Part Time**	**Committees Allocated**	**Ward and/ or Party Represented**	**Percentage Council Meetings Attendance**	**Percentage Apologies for non-attendance**
	FT/PT			**%**	**%**
Cllr MA Mulder	PT	Petition, LLF and Finance Section 80	PR	67%	33%
Cllr J Phahlane	PT	MPAC and LED & Planning	Ward 7	93%	7%
Cllr MK Rakitla	PT	Petition, Finance and Community Services Section 80	Ward 11	73%	27%
Cllr TE Ramothibe	PT	MPAC and LED & Planning Section 80	Ward 3	78%	*22%*
Cllr G Holtzhausen	PT	MPAC, LED & Planning and Legal & Cooperate	Ward 9	73%	27%
Cllr SM Sibeko	FT	MMC Infrastructure Development	PR	93%	7%
Cllr TS Tsoku	FT	MMC Finance	Ward 5	93%	7%
Cllr EM Dlamini	PT	MPAC (ANC Chief whip)	PR	100%	0%
Cllr A Mokonane	FT	MMC Cooperate and Legal	PR	100%	0%
Cllr NK Vilakazi	PT	LLF and Legal & Cooperate Section 80	Ward 13	93%	7%
Cllr VA Madonsela	FT	MMC Development & Planning	PR	73%	27%
Cllr MNR Nkosi	PT	Infrastructure Development	PR	87%	13%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Petitions Management Committee	To deal with community petitions (grievances) to harness community involvement in shaping the municipality performance
Municipal Public Accounts Committee	To conduct oversight on the executive performance of the municipality
Section 80 Committees	To develop service provision mechanism for the municipality
Audit Performance Committee	To conduct oversight on the performance of the Municipality
Remunerations Committee	To determine salary increases and bonuses for Section 54 and 56 employees
Fraud and Corruption Committee	To assess the potential of risk and where possible protect the reputation of the municipality
Assessment Committee	To assess the pre-determined targets and objectives of SDBIP
Risk and Management Committee	To manage the risk and audit queries
Political Management Committee	To develop overarching strategic direction of the municipality

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	**Director/Manager (State title and name)**
Executive Mayor	Cllr Lerato Maloka
Manager Office of the Mayor	Ms Malekola Melato Madlamini
Office of the Municipal Manager	
Municipal Manager	Ayanda Makhanya
Senior Manager: Performance Monitoring & Reporting	Bakedi Kgwete
Manager: Internal Audit	Lizo Ndabeni
Corporate Services	Khongi Molohlanye - Executive Manager
Manager Administration	Sipho Zwane
ICT Manager	Billy Mashiya
Finance - Acting CFO	Sindi Zukani
Budget and Reporting Manager	Gugulethu Mncube
Manager Expenditure	Magda Lawrenson
SCM Manager	Paul Malgas
Revenue and Credit Control Manager	Sindi Zukani
Infrastructure Services	Isaac Rampedi- Executive Manager
Manager Roads and Stormwater	Maureen Thekiso
Senior Manager Electrical	Jackie Chauke
Manager Waste	Star Mololobela
Community Services	Cynthia Mokoena - Executive Manager
Sports, Arts, recreation, Libraries, parks	Solly Sibaya
Manager Safety and Security	Meshack Makhubu
Manager Health and Social Services	Corrie Verster
LED and Planning	Jabu Marwa - Executive Manager
Manager LED	Thami Gorati
Manager Regional and Town Planning	Tshepo Malekane

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	n/a
Building regulations	Yes	n/a
Child care facilities	Yes	n/a
Electricity and gas reticulation	Yes	n/a
Firefighting services	Yes	n/a
Local tourism	Yes	n/a
Municipal airports	No	n/a
Municipal planning	Yes	n/a
Municipal health services	Yes	n/a
Municipal public transport	Yes	n/a
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	n/a
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes	n/a
Stormwater management systems in built-up areas	Yes	n/a
Trading regulations	Yes	n/a
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	n/a
Beaches and amusement facilities	No	n/a
Billboards and the display of advertisements in public places	No	n/a
Cemeteries, funeral parlours and crematoria	Yes	n/a
Cleansing	Yes	n/a
Control of public nuisances	Yes	n/a
Control of undertakings that sell liquor to the public	Yes	n/a
Facilities for the accommodation, care and burial of animals	Yes	n/a
Fencing and fences	Yes	n/a
Licensing of dogs	No	n/a
Licensing and control of undertakings that sell food to the public	Yes	n/a
Local amenities	Yes	n/a
Local sport facilities	Yes	n/a
Markets	Yes	n/a
Municipal abattoirs	No	n/a
Municipal parks and recreation	Yes	n/a
Municipal roads	Yes	n/a
Noise pollution	No	n/a
Pounds	No	n/a
Public places	Yes	n/a
Refuse removal, refuse dumps and solid waste	Yes	n/a

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
disposal		
Street trading	Yes	n/a
Street lighting	Yes	n/a
Traffic and parking	Yes	n/a

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name/Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr MP Mtshonyane. Committee members: Mr Ashler Radebe; Ms Puleng Mokobosho;Buti Maseko;Vusi Mbhele;Samuel Mfuphi; Themba Hlophe; Cecilia Morobi; Jabhile Tsotetsi; Pricila Magazi. Paulos Motloung.	Yes	4	4	4
Ward 2	Cllr LF Mokoena Committee members:Thapelo Sekhoto,Wilhemina Visagie,Sam Mabaso,Jeanet Visagie,Thembi Buthelezi,Beauty Morajane,Lilian Nhlapo	Yes	2	2	2
Ward 3	Cllr TE Ramothibe Committee members:Sonto Mahlangu,Stanley Khumalo,Batseba Nhlapo,Mtebang Bojabotsega,Gugu Mashinini	Yes	2	2	2
Ward 4	Cllr L.Batsege Committee:Thabo Seage,Audrey Mohalane,Thuto Motsepe,Bongani Motsepe,Samson Malakwane,Irene Motsile,Mduduzi Nhlapo	Yes	1	1	1
Ward 5	Cllr TB Tsoku Committee members:Thembi Gama,Zakaria Minne,Vuyisile Nyawuza,Bonakele Nkomo,Joseph Motaung,Zweli Tshabalala,Busisiwe Bukwana,Mpho Maeli,Jimmy Buthelezi	Yes	1	1	1

Functionality of Ward Committees					
Ward Name/Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 6	Cllr SD Mkhwanazi Committee members:Sindisiwe Ntombela,Petrovah Mashinini,Thapelo Mcira,Sesi Mokhasi,Maria Makhanya,Lucas Mollo,Matshidiso Mphuthi,Teressa Mofokeng	Yes	0	0	0
Ward 7	Cllr J.Phahlane Committee members:Josephina Mofokeng,Joana Mthethwa,Jacob Nku,Nkosana Nhlapo,Delisile Malevu,Zakhele Magagula,Maggy Minne,Nompi Makhoba,Seabi Sekabate	Yes	5	5	5
Ward 8	Cllr RS Loubser Committee members:Stoffer Byleveldt,FH Jacobs,S.Van Seller,Edna Fouchie,G Padiachy,LP Madigoe,Prudence Kubheka,Sesi Kubheka,Sello Motaung,Ethel Moahlodi	Yes	0	0	0
Ward 9	Cllr G.Haulzhauzen, Committee members: Sue von Sellner,Willem Sprong,Devan Heystek,Marius Gerike,Mike van Nierop,Etienerde Prier,Sandra Minnaar,Danie Minnaar.	Yes	3	0	0
Ward 10	Cllr GL Coetzee Committee members:Simphiwe Skosana,Modiehi Moloi,Sibongile Khumalo,Philimon Nkosi,Elliot Nkosi,Johanna	Yes	0	0	1

Functionality of Ward Committees					
Ward Name/Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Ncala,Kenny Mabitsela,Buyi Skosana,Sarah Mabote				
Ward 11	Cllr MK Rakitla Committee meeting:Alfred Shababngu,Bayanda Radebe,Tsepho Tsotetsi,Teboho Mlangeni,Emily Shabba,Miranda Mokoena,Matseko Mofokeng	Yes	1	1	2
Ward 12	Cllr B.Simelane Committee:Dolly Nkosi,Queen Mkhonto,Lettie Mtweni,Maria Skosana,Pinky Mngwevu,Doctor Sikhonde,Molefe Mkhwebane,Jabulani Nkosi,Solomon Nkosi,Jabulani Mngwevu	Yes	3	3	3
Ward 13	Cllr NK Vilakazi Committee members:Nelly Masuku,Esthrr Mahlangu,Buti Nhlapo,Zodwa Magagula,Patrick Ndlovu,Lucky Hlatshwayo,Sesi Motau,Sipho Nhlapo,July Mnguni,Bridgett Moeketsi	Yes	2	2	2

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2015/16 FY				
				R' 000
No.	**Project Name and detail**	**Start Date**	**End Date**	**Total Value**
1.	Obed Nkosi Electrification	July 2015	July 2016	R5 400
2.	Roads and storm water KwaZenzele	July 2015	July 2016	R16 300
3.	Construction of Vischkuil Reservoir	July 2015	July 2016	R15 100
4.	Construction of water feeder pipe line Kwazenzele Phase 2	July 2015	July 2016	R7 426
5.	Refurbishment of traffic lights	July 2015	July 2016	R1 200
6.	Construction of roads in Heidelberg Ext 26 & 23	July 2015	July 2016	R10 788
7.				

Top four service delivery priorities for ward (highest priority first)		
No.	**Priority Name and Detail**	**Progress During Year 0**
1	Housing provision(ward1,4,5,10,12 and13)	Construction of 300 houses at Obed Nkosi is completed. 956 houses are currently being electrified and ward 12 (township establishment process) and 13(land valuation completed and land procurement negotiations underway).
2	Electrification Project Obed Nkosi	175 houses were electrified.
3	Construction of roads and storm water (ward 7 and 12)	Road construction is underway.
4	Construction of bulk water pipeline and 5 Ml reservoir in Ward 12	Construction is underway.

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Audit and performance Committee is in existence in the Municipality. The committee is comprised of the following members:-

No.	Name & Surname	Number of meetings attended
1.	Advocate Martin Moferefere Mochatsi – Chairperson	Nine (9)
2.	Mr. Mandlenkosi Dhladhla (Member)	Nine (9)
3.	Mr. Sidwell Mofokeng (Member)	Three (3)
4.	Mr. Joseph Makoro (Member)	Two (2)-Resigned in March 2016
5.	Mr. Fezile Makaula (Member)	Nine (9)

The committee convened at least four times during the financial year under review as required by legislation. The meetings took place as per the dates below:

- 22nd October 2015 (Ordinary Audit Committee Meeting)
- 26th November 2015 (Ordinary Audit Committee Meeting)
- 21st January 2016 (Ordinary Audit Committee Meeting)
- 25th February 2016 (Special Audit Committee Meeting)
- 18th March 2016 (Special Audit Committee Meeting)
- 10th June 2016 (Special Audit Committee Meeting)
- 24th June 2016 (Special Audit Committee Meeting)
- 26th August 2016 (Ordinary Audit Committee Meeting)
- 31st August 2016 (Special Audit Committee Meeting)

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

Long Term Contracts – 2015/16 FY			
No.	**Name of Contractor**	**Description of Supply/Service**	**Total Contract Value**
1.	MICROMEGA REVENUE MANAGEMENT	APPOINTMENT OF METER READER TO PERFORM WATER AND ELECTRICAL METER READING ON BEHALF OF THE MUNICIPALITY	1,001,932.00 INCL.VAT FOR THE FIRST YEAR AND BE ADJUSTED ANNUALLY IN CPIX.
2.	BUSINESS CONNEXION	INFORMATION, COMMUNICATION AND TECHNOLOGY INFRASTRUCTURE	6 105 828,60
3.	BUSINESS CONNEXION	INFORMATION, COMMUNICATION ANDTECHNOLOGY	211 919,89
4.	SHANDUKANI TECHNOLOGIES	WEBSITE MAINTENANCE	90,000.00
5.	WEBB INDUSTRIES	POINT TO POINT LINK SYSTEM	196 704,00
6.	DBSA	LESEDI MUNICIPAL OFFICES	24 373 000
7.	DBSA	RATANDA ELECTRICITY SUPPLY	5 000 000,00
8.	DBSA	LONG TERM LOAN	9 000 000,00
9.	DBSA	LONG TERM LOAN	4 000 000,00
10.	DBSA	LONG TERM LOAN	35,000,000.00 PLUS INTEREST
11.	DBSA	LONG TERM LOAN	7,807,015.00
12.	DBSA	LONG TERM LOAN	16,000,000.00
13.	DBSA	LONG TERM LOAN	5,171,700.00
14.	SWANDRE ELECTRICAL	GENERAL MAITENANCE OF ELECTRICAL INFRASTRUCTURE IN IMPUMELELO, KWAZENZELE AND MUNICIPAL BUILDING IN THE AREA	1915.00 FOR ALL SERVICES AS INDICATED IN THE QUANTITY LIST
15.	ABSA BANK	BANKING SERVICES	2,236,800.00
16.	AMAZA TELEMATICS & FLEET MANAGEMENT	PROVISION OF SERVICES RELATING TO THE DEVELOPMENT AND MANAGEMENT OF REALTIME FLEET MANAGEMENT	4 617 746,38
The municipality does not have Public Private Partnership.			

APPENDIX I – DISCLOSURES OF FINANCIAL INTERESTS

Disclosure of financial interest		
Period 1 July 2015 to 30 June 2016 (Current Year)		
Position	Name	Description of Financial interests (Nil / Or details)
(Executive) Mayor	Lerato Maloka	Yes
Member of MayCo / Exco	Cllr Tebogo Tsoku	Yes
	Cllr Smangele Sibeko	Yes
	Cllr Vangile Madonsela	Yes
	Cllr Sibongile Makhubu	Yes
	Cllr SFA Mokonane	Yes
Councillor	GL Coetsee	Yes
	LL Batshege	Yes
	R Eberwein	Yes
	JM Lekala	Yes
	MP Mtshonyane	Yes
	M Mulder	Yes
	SH Masina	Yes
	J Phahlane	Yes
	JL Mokoena	Yes
	MNR Nkosi	Yes
	MK Rakitla	Yes
	TE Ramothibe	Yes
	NK Vilakazi	Yes
	RS Loubster	Yes
	E Dlamini	Yes
	GC Holtzhausen	Yes
	RS Hlatshwayo	Yes
	M. Boshoff	
	TS Moremi	Yes
	SD Mkhwanazi	Yes
	BA Simelane	yes
Municipal Manager	Ayanda Makhanya	Yes
Acting Chief Financial Officer	Sindiswa Zukani	Yes
Other Sec57 Officials	Khongi Molohlanye	Yes
	Isaac Rampedi	Yes
	Jabu Marwa	Yes
	Cynthia Mokoena	Yes

Performance Schedule of Service Providers - ICT Service Level Performance Monitoring						
SUPPLIER	**SYSTEM**	**DATE STARTED**	**CONTRACT AMOUNT**	**END DATE**	**SKILLS TRANSFERED**	**HOW YOU RATE YOUR SUPPLIER**
BUSINESS CONNEXION	ICT Support	Jun-14	R 6 317 748	Jun-16 Now month to month	Yes, limited	Good
AMAZA Telematics and Fleet Control	Fleet Management	Nov 13	R 4 617 746	Oct-18	No	Poor
Corporate Payroll Institution	Payroll System	Mar-14	R 674 847	Feb-17	Yes, limited	Poor
Sigma IT	IT Services	Jan-14	R 691 923	Dec-16	No	Poor
Meso Group	Multi-functional Devices and Document Management System	Jan-14	R 4 624 920	Dec-16	Yes	Poor
Sonke Consulting	Time & Attendance	Oct-14	R 641 905	Sep-17	Yes	Fair.
New Dawn Technologies	Voip Telephone Systems	Feb-14	R 4 299 256	Jan-17	Yes, not satisfactory	Very Poor
Shandukani Technologies	Hosting	Jun-14	R 126 000	Jun-15	No	Good
Singa Tel	CRC System and VOIP Phones	Aug-15	R 646 735	Jul-18	Yes	Good

APPENDIX J REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	**2014/15 FY**		**Current: 2015/16 FY**		**2015/16 FY Variance**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjusted Budget**
Vote 1 - Municipal Governance and Administration	169,776	175,392	185,318	188,434	-7%	-2%
Vote 2 - Community and Public Safety	44,729	22,153	25,679	60,976	-75%	-24%
Vote 3 - Economic and Environmental Services	39,872	29,034	4,841	29,864	-3%	-16%
Vote 4 - Trading Services	372,709	407,089	448,486	410,623	-1%	92%
Total Revenue by Vote	627,086	633,668	664,324	689,897	-9%	-4%

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	**2014/15 FY**	**2015/16 FY**			**2015/16 FY Variance**	
	Actual	**Original Budget**	**Adjustments Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Property rates	84,459	85,592	90,891	89,841	-5%	99%
Property rates - penalties & collection charges		-	-			
Service Charges - electricity revenue	216,219	244,750	256,124	216,815	88%	85%
Service Charges - water revenue	70,209	95,127	98,914	84,728	89%	86%
Service Charges - sanitation revenue	20,711	21,870	23,116	23,909	-9%	-3%
Service Charges - refuse revenue	25,598	27,660	28,384	27,810	100%	98%
Service Charges - other	1,079	0	1,150	1,134	-100%	97%
Rentals of facilities and equipment	3,512	3,605	3,936	4,019	-11%	-2%
Interest earned - external investments	1,039	0	1,200	1,812	-100%	-51%

Revenue Collection Performance by Source						
Description	**2014/15 FY**	**2015/16 FY**			**2015/16 FY Variance**	
	Actual	**Original Budget**	**Adjustments Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Interest earned - outstanding debtors	10,482	9,390	13,386	9,959	6%	74%
Dividends received	-	-	-	-	-	-
Fines	30,849	5,163	5,664	47,684	-23%	-41%
Licences and permits	41	41	32	62	-51%	-93%
Agency services	-	-	-	-	-	-
Transfers recognised - operational	84,719	101,503	94,786	94,455	93%	99%
Other revenue	761	3,338	3,728	769	23%	20%
Gains on disposal of PPE	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	549,678	598,039	621,312	602,997	-1%	97%

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

2015/16 Financial Year			
Details	**Budget**	**Adjustment Budget**	**Actual**
Local Government Equitable Share	82 794 000	82 794 000	82 794 000
Finance Management	1 450 000	1 450 000	1 450 000
Municipal Systems Improvement	930 000	930 000	930 000
EPWP Incentive	1 347 000.00	1 347 000.00	1 347 000
Sport and Recreation - Libraries Plan	500 000	500 000	500 000
Grap 17 Compliance Grant	1 000 000	1 000 000	1 000 000
Provincial Clinics	-	-	23 984
Grant from Sedibeng	0	808 569	305 997
Environmental Quality Management	-	487 769	487 769
District Health	4 986 632	5 030 350	3254 245
LG Seta	-	1 000 000	2 469 503
Integrated National Electrification Programme	9 000 000	5 400 000	3 909 410
Sport and Recreation - Recapitalisation	5 970 000	6 200 000	4 560 638
NLDTF/Lotto	-	1328	1328
Botle ke botho	-	460 560	186 623
Municipal Demarcation Transition Grant	1 857 000	-	-
EPWP COGTA	500 000	500 000	500 000
Total	110 334 632	108 089 576	103 720 497

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

A rollover of R1.5 million has been requested from the National Treasury Department for Ratanda Ext 8 electrification due to non-delivery of houses to electrify by the department of Human Settlement.
The municipality spent 100% of its integrated incentive grant allocation for implementation of EPWP projects.

APPENDIX M CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - New Assets Programme						
						R '000
Description					**Planned Capital Expenditure**	
	Actual	**Original Budget**	**Adjustment Budget**	**Actual Expenditure**	**2014/15 FY**	**2015/16 FY**
Capital expenditure by Asset Class						
Infrastructure - Total	33,445	46,799	43,024	32,128	39,051	36,369
Infrastructure: Road transport - Total	24,170	36,649	31,924	25,708	25,051	26,369
Roads, Pavements & Bridges	24,170	36,649		25,708		
Storm water						
Infrastructure: Electricity - Total	8,223	10,150				
Generation	2,504			5,610		
Transmission & Reticulation	5,719	6,150	6,000	610	10,000	10,000
Street Lighting				151		
Infrastructure: Water - Total						
Reticulation						
Infrastructure: Sanitation - Total						
Reticulation						
Sewerage purification	1,051		5,100	49		
Infrastructure: Other - Total						
Waste Management		4,000			4,000	
Other						
Community - Total	1,614	2,684	3,284	2,647	165	980
Parks & gardens					165	
Sports fields & stadia	196		275	184		
Swimming pools	147					
Libraries	1,219	1,194	1,203	421		
Fire, safety & emergency				465		980
Security and policing						
Clinics		1.19	1,163			
Cemeteries		300		1,047		
Other	52		643	530		

Capital Expenditure - Upgrade/Renewal Programme						
R '000						
Description					**Planned Capital expenditure**	
	Actual	**Original Budget**	**Adjustment Budget**	**Actual Expenditure**	**2014/15 FY**	**2015/16 FY**
Capital expenditure by Asset Class						
Infrastructure - Total		4.52	4,520		8,000	10.909
Infrastructure: Road transport -Total		4,520	4,520		8,000	10,909
Roads, Pavements & Bridges		4,520			8,500	10
Storm water						
Infrastructure: Electricity - Total						
Street Lighting						
Transmission & reticulation		3,500				
Community						
Clinics		3,190				
Total Capital expenditure by Asset Class		11,210	4,520		16,500	20.99

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: 2015/16 FY					
					R' 000
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Electricity:					
Electrification Obed Nkosi	9 000	5 400	3 900	-27.8%	-56.7%
Traffic lights Refurbishment in Heidelberg and Ratanda CBD's	1200	0	1200	0%	0%
Roads and Stormwater					
Upgrading of roads and stormwater at Kwazenzele Phase 1	16 300	0	13 900	0%	-14.7%
Upgrading of roads and stormwater at Heidelberg Ext 23 and 26	10 700	0	8 600	0%	-19.6%
Water and Sanitation					
Construction of bulk water pipeline for Kwazenzele Phase 2	7 400	0	5 800	0%	-21.6%
Construction of reservoir in Vischkuil	15 100	0	3 700	0	-75.5%
Upgrading of Kwazenzele sewer treatment plant	1 600	0	490	0	-69.4%

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 205/16 FY		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Electricity:		
Electrification Obed Nkosi	Ward 1	Yes
Traffic lights Refurbishment in Heidelberg and Ratanda CBD's	Ward 9 & 3	Yes
Roads:		
Upgrading of roads and stormwater at Kwazenzele Phase 1	Ward 12	No
Upgrading of roads and stormwater at Heidelberg Ext 23 and 26	Ward 7 & 11	No
Water and Sanitation		
Construction of bulk water pipeline for Kwazenzele Phase 2	Ward 12	No
Construction of reservoir in Vischkuil	Ward 12	No
Upgrading of Kwazenzele sewer treatment plant	Ward 12	No

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	**Water**	**Sanitation**	**Electricity**	**Solid Waste Collection**
Schools	None	None	None	None
Clinics	None	None	None	None

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	**Scale of Backlogs**	**Impact of Backlogs**
Clinics :		
No backlogs	N/A	N/A
Housing:		
Ratanda	238	Medium
Refiloe-Simphiwe	100	Medium
Impumelelo	2500	Medium
Kwazenzele	2000	Medium
Jamesonpark Informal Settlement	40	Medium
Obed Nkosi	4200	Medium
Infrastructure: None	-	-
Sport Facilities: None	-	-

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

The municipality did not make any loans in current financial year.

Appendix L and table 5.6 outlines the grants made by the municipality.

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	**Progress to date/ Details**	**Number or Percentage Achieved**
Output: Improving access to basic services		
	Number of indigent households receiving free basic electricity	1219
	% of capital budget actually spent on capital projects	69%
	Increased households with access to water	93%
	Increased households with access to basic sanitation	93%
	Increased households with access to basic electricity	93%
	Increased households with access to basic solid waste removal	100%
Output: Deepen democracy through a refined Ward Committee model		
Ward Committees	Number of ward committees established out of 13	12
	No of Trainings provided	3
	No of functional Ward committees out of 13	11
	No of monthly ward committee meetings	114
	Percentage of attendance and participation	85%
Public Accountability (IDP implementation feedback)	103 monthly/quarterly ward public meetings	103
	40% to 50% community members attending	50%
Intergovernmental structures	District IGR has been established	
Output: Administrative and financial capability	increased revenue collected VS billed	83%
Debt recovery ratio current consumer debtors/ total credit billings for the year x 365days	Debt recovery ratio (times)	53 days
Outstanding debtors to revenue: current consumer debtors/total billing	Outstanding debtors to revenue ratio (%)	14%
Cash and cash equivalents/ fixed operating cash payments x 365	Cost coverage ratio (days)	14 days
	% of actually budget spent VS projected	99.60%
	% of suppliers paid within 30 days from date of receipt of the invoice	77%
Output: Implementation of the Community Work Programme		

National and Provincial Outcomes for Local Government		
Outcome/Output	**Progress to date/ Details**	**Number or Percentage Achieved**
	The Community Work Programme is funded by COGTA and is rolled out to wards: 1;2;3;4;5;6;7;10;12 and 13 whereby 1100 participants are employed two days a week and eight days a month where they do useful work in the form of community gardens, cleaning of open spaces to discourage illegal dumping, cleaning of schools, providing home-based care and training. In addition two EPWP initiative in the form of eradication of alien vegetation in Uitkyk in Ward 12 which has employed 13 participants and DeHoek in Ward 6 with the employment of thirty two participants. The project is funded by GDARD and the Municipality. Through the Department of Environmental Affairs an Eco-furniture factory has yielded two hundred and six employment opportunities. The programmes are coined around the Extended Public Work Programme model where the following elements are critical:- employment of youth, women, disabled persons, skills transfer, enterprise development and legislative compliance.	1351 employment opportunities

ANNEXURE A

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016



Lesedi Local Municipality
Financial statements
for the year ended 30 June 2016
Auditor General of South Africa
Registered Auditors

Lesedi Local Municipality

(Demarcation code GT423)
Financial Statements for the year ended 30 June 2016

General Information

Nature of business and principal activities	Local municipal functions as set out in the Constitution of South Africa (Act No. 105 of 1996)
Accounting Officer	I Rampedi (Acting)
Registered office	Civic Centre C/o HF Verwoerd and Louw Street Heidelberg 1441
Business address	Civic Centre C/o HF Verwoerd and Louw Street Heidelberg 1441
Postal address	PO Box 201 Heidelberg 1438
Bankers	ABSA Bank Bruma, Gauteng
Auditors	Auditor General of South Africa

Lesedi Local Municipality
(Demarcation code GT423)
Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Audit Committee Report	4 - 5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 14
Appropriation Statement	15 - 16
Accounting Policies	17 - 33
Notes to the Financial Statements	34 - 63
Appendixes:	
Appendix A: Schedule of External loans	64

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The financial statements set out on pages 6 to 63, which have been prepared on the going concern basis, were approved by the council on 31 August 2016 and were signed on its behalf by:



Accounting Officer
Designation

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2016.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 5 number of meetings were held.

Name of member	Number of meetings attended
Adv. Martin Moferefere Mochatsi (Chairperson)	9
Mr. Mandlenkosi Dhladhla	9
Mr. Sidwell Mofokeng	3
Mr. Joseph Makoro (resigned March 2016)	2
Mr. Fezile Makaula	9

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the of the municipality during the year under review.

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the ;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Audit Committee Report

Chairperson of the Audit Committee

Date: 30/11/2016.

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Inventories	8	2 814 349	3 260 736
Receivables from exchange transactions	9	4 140 951	4 976 532
Receivables from non-exchange transactions	10	8 694 208	7 204 195
Consumer debtors	11	91 064 051	57 320 399
Cash and cash equivalents	12	14 989 426	18 976 001
		121 702 985	**91 737 863**
Non-Current Assets			
Investment property	3	208 605 150	220 980 383
Property, plant and equipment	4	602 658 320	601 806 667
Intangible assets	5	3 918 047	4 634 806
Heritage assets	6	157 702	157 702
		815 339 219	**827 579 558**
Non-Current Assets		815 339 219	827 579 558
Current Assets		121 702 985	91 737 863
Total Assets		**937 042 204**	**919 317 421**
Liabilities			
Current Liabilities			
Other financial liabilities	14	3 356 578	3 063 232
Payables from exchange transactions	16	108 654 071	106 228 579
VAT payable	17	18 030 262	11 335 606
Consumer deposits	18	9 563 820	8 238 829
Unspent conditional grants and receipts	13	3 906 551	4 436 059
Provisions	15	14 845 275	11 460 323
		158 356 557	**144 762 628**
Non-Current Liabilities			
Other financial liabilities	14	58 637 488	61 994 065
Employee benefit obligation	7	54 390 000	51 121 000
Provisions	15	8 566 098	4 747 680
		121 593 586	**117 862 745**
Non-Current Liabilities		121 593 586	117 862 745
Current Liabilities		158 356 557	144 762 628
Total Liabilities		**279 950 143**	**262 625 373**
Assets		937 042 204	919 317 421
Liabilities		(279 950 143)	(262 625 373)
Net Assets		**657 092 061**	**656 692 048**
Accumulated surplus		657 092 061	656 692 048

* See Note 44

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	399 394 794	333 816 123
Rental of facilities and equipment	21	4 019 371	3 512 499
Licences and permits		62 201	41 377
Administration and management fees received		2 755 206	1 003 700
Recoveries		2 875 203	1 479 295
Other income		769 153	761 320
Interest received	23	11 771 535	11 520 777
Total revenue from exchange transactions		**421 647 463**	**352 135 091**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	89 841 384	84 459 205
Transfer revenue			
Government grants & subsidies	25	129 835 809	142 882 331
Public contributions and donations	26	-	16 840 128
Fines, Penalties and Forfeits		47 683 629	30 849 364
Total revenue from non-exchange transactions		**267 360 822**	**275 031 028**
		421 647 463	352 135 091
		267 360 822	275 031 028
Total revenue	19	**689 008 285**	**627 166 119**
Expenditure			
Employee related costs	27	(142 131 725)	(128 402 859)
Remuneration of councillors	28	(9 222 847)	(8 432 692)
Depreciation and amortisation	29	(43 409 503)	(41 537 891)
Impairment loss/ Reversal of impairments	30	(99 332)	410 124
Finance costs	31	(14 457 584)	(11 478 407)
Debt Impairment	32	(112 267 249)	(97 348 558)
Collection costs		(415 661)	(272 640)
Repairs and maintenance		(21 475 150)	(24 349 965)
Bulk purchases	33	(255 241 789)	(217 374 765)
Contracted services	34	(566 528)	(525 683)
General Expenses	35	(90 200 502)	(87 661 508)
Total expenditure		**(689 487 870)**	**(616 974 844)**
		-	-
Total revenue		689 008 285	627 166 119
Total expenditure		(689 487 870)	(616 974 844)
Operating (deficit) surplus	38	**(479 585)**	**10 191 275**
Loss on disposal of assets and liabilities		(162 406)	(4 144 732)
Actuarial gains/losses	7	1 042 000	558 000
		879 594	**(3 586 732)**
Operating surplus/deficit		879 594	(3 586 732)
Surplus before taxation		400 009	6 604 543
Taxation		-	-
Surplus for the year		**400 009**	**6 604 543**

* See Note 44

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	643 973 226	643 973 226
Adjustments		
Correction of errors	6 114 279	6 114 279
Balance at 01 July 2014 as restated*	**650 087 505**	**650 087 505**
Changes in net assets		
Surplus for the year	6 604 543	6 604 543
Total changes	6 604 543	6 604 543
Restated* Balance at 01 July 2015	**656 692 052**	**656 692 052**
Changes in net assets		
Surplus for the year	400 009	400 009
Total changes	400 009	400 009
Balance at 30 June 2016	**657 092 061**	**657 092 061**

* See Note 44

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Property rates		81 720 714	76 222 142
Sale of goods and services		321 883 079	358 536 770
Grants		127 480 116	145 094 555
Interest income		11 771 535	11 520 777
		542 855 444	591 374 244
Payments			
Employee costs		(148 085 572)	(132 492 803)
Suppliers		(349 804 734)	(378 707 541)
Finance costs		(14 457 584)	(11 478 407)
		(512 347 890)	(522 678 751)
Total receipts		542 855 444	591 374 244
Total payments		(512 347 890)	(522 678 751)
Net cash flows from operating activities	39	**30 507 554**	**68 695 493**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(31 686 460)	(54 300 277)
Proceeds from sale of property, plant and equipment	4	822 868	-
Purchase of other intangible assets	5	(567 312)	(843 849)
Net cash flows from investing activities		**(31 430 904)**	**(55 144 126)**
Cash flows from financing activities			
Repayment of other financial liabilities		(3 063 231)	(2 823 298)
Net cash flows from financing activities		**(3 063 231)**	**(2 823 298)**
Net increase/(decrease) in cash and cash equivalents		**(3 986 581)**	**10 728 069**
Cash and cash equivalents at the beginning of the year		18 976 001	8 247 932
Cash and cash equivalents at the end of the year	12	**14 989 420**	**18 976 001**

* See Note 44

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	389 405 991	18 283 167	**407 689 158**	399 394 794	**(8 294 364)**	Note 57 (1)
Rental of facilities and equipment	3 605 323	330 715	**3 936 038**	4 019 371	**83 333**	
Licences and permits	41 293	(9 503)	**31 790**	62 201	**30 411**	Note 57 (2)
Administration and management fees received	2 653 131	225 712	**2 878 843**	2 755 206	**(123 637)**	Note 57 (3)
Recoveries	155 799	100 057	**255 856**	2 875 203	**2 619 347**	Note 57 (4)
Other income	529 156	64 056	**593 212**	769 153	**175 941**	
Interest received	9 390 290	5 195 811	**14 586 101**	11 771 535	**(2 814 566)**	Note 57 (5)
Total revenue from exchange transactions	**405 780 983**	**24 190 015**	**429 970 998**	**421 647 463**	**(8 323 535)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	85 591 575	5 299 123	**90 890 698**	89 841 384	**(1 049 314)**	
Transfer revenue						
Government grants & subsidies	137 131 632	666 434	**137 798 066**	129 835 809	**(7 962 257)**	
Fines, Penalties and Forfeits	5 163 253	501 040	**5 664 293**	47 683 629	**42 019 336**	
Total revenue from non-exchange transactions	**227 886 460**	**6 466 597**	**234 353 057**	**267 360 822**	**33 007 765**	
'Total revenue from exchange transactions'	405 780 983	24 190 015	**429 970 998**	421 647 463	**(8 323 535)**	
'Total revenue from non-exchange transactions'	227 886 460	6 466 597	**234 353 057**	267 360 822	**33 007 765**	
Total revenue	**633 667 443**	**30 656 612**	**664 324 055**	**689 008 285**	**24 684 230**	
Expenditure						
Personnel	(137 425 433)	(377 535)	**(137 802 968)**	(142 131 725)	**(4 328 757)**	Note 57 (6)
Remuneration of councillors	(8 660 048)	(560 105)	**(9 220 153)**	(9 222 847)	**(2 694)**	
Depreciation and amortisation	(38 026 235)	(3 674 407)	**(41 700 642)**	(43 409 503)	**(1 708 861)**	Note 57 (7)
Impairment loss/ Reversal of impairments	-	-	**-**	(99 332)	**(99 332)**	
Finance costs	(5 850 563)	(4 795 000)	**(10 645 563)**	(14 457 584)	**(3 812 021)**	
Debt impairment	(61 344 597)	(1 348 751)	**(62 693 348)**	(112 267 249)	**(49 573 901)**	Note 57 (8)
Collection costs	(500 000)	80 000	**(420 000)**	(415 661)	**4 339**	
Repairs and maintenance	(22 171 243)	(946 466)	**(23 117 709)**	(21 475 150)	**1 642 559**	Note 57 (9)
Bulk purchases	(229 909 000)	(11 453 017)	**(241 362 017)**	(255 241 789)	**(13 879 772)**	Note 57 (10)
Contracted Services	(719 000)	209 000	**(510 000)**	(566 528)	**(56 528)**	
General Expenses	(76 420 865)	(15 297 925)	**(91 718 790)**	(90 200 502)	**1 518 288**	Note 57 (11)
Total expenditure	**(581 026 984)**	**(38 164 206)**	**(619 191 190)**	**(689 487 870)**	**(70 296 680)**	
	633 667 443	30 656 612	**664 324 055**	689 008 285	**24 684 230**	
	(581 026 984)	(38 164 206)	**(619 191 190)**	(689 487 870)	**(70 296 680)**	
Operating deficit	**52 640 459**	**(7 507 594)**	**45 132 865**	**(479 585)**	**(45 612 450)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Loss on disposal of assets and liabilities	-	-	-	(162 406)	**(162 406)**	
Actuarial gains/losses	-	-	-	1 042 000	**1 042 000**	
	-	**-**	**-**	**879 594**	**879 594**	
	52 640 459	(7 507 594)	**45 132 865**	(479 585)	**(45 612 450)**	
	-	-	-	879 594	**879 594**	
Surplus before taxation	**52 640 459**	**(7 507 594)**	**45 132 865**	**400 009**	**(44 732 856)**	
Deficit before taxation	52 640 459	(7 507 594)	**45 132 865**	400 009	**(44 732 856)**	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**52 640 459**	**(7 507 594)**	**45 132 865**	**400 009**	**(44 732 856)**	

Lesedi Local Municipality

(Demarcation code GT423)
Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	3 239 865	(699 037)	**2 540 828**	2 814 349	**273 521**	Note 57 (12)
Receivables from exchange transactions	1 339 243	4 656 227	**5 995 470**	4 140 951	**(1 854 519)**	Note 57 (13)
Receivables from non-exchange transactions	4 281 773	26 254 557	**30 536 330**	8 694 208	**(21 842 122)**	Note 57 (14)
Consumer debtors	46 505 324	16 792 342	**63 297 666**	91 064 051	**27 766 385**	Note 57 (15)
Cash and cash equivalents	21 389 909	(13 182 184)	**8 207 725**	14 989 426	**6 781 701**	Note 57 (16)
	76 756 114	**33 821 905**	**110 578 019**	**121 702 985**	**11 124 966**	
Non-Current Assets						
Investment property	209 758 481	(155 477)	**209 603 004**	208 605 150	**(997 854)**	Note 57 (17)
Property, plant and equipment	621 911 227	35 206 069	**657 117 296**	602 658 320	**(54 458 976)**	Note 57 (18)
Intangible assets	3 863 617	549 631	**4 413 248**	3 918 047	**(495 201)**	Note 57 (19)
Heritage assets	157 702	-	**157 702**	157 702	**-**	
	835 691 027	**35 600 223**	**871 291 250**	**815 339 219**	**(55 952 031)**	
Non-Current Assets	76 756 114	33 821 905	**110 578 019**	121 702 985	**11 124 966**	
Current Assets	835 691 027	35 600 223	**871 291 250**	815 339 219	**(55 952 031)**	
Total Assets	**912 447 141**	**69 422 128**	**981 869 269**	**937 042 204**	**(44 827 065)**	
Liabilities						
Current Liabilities						
Other financial liabilities	3 356 578	-	**3 356 578**	3 356 578	**-**	
Payables from exchange transactions	41 896 471	(4 734 028)	**37 162 443**	108 654 065	**71 491 622**	Note 57 (20)
VAT payable	19 737 946	3 714 757	**23 452 703**	18 030 262	**(5 422 441)**	Note 57 (21)
Consumer deposits	8 177 893	60 936	**8 238 829**	9 563 820	**1 324 991**	Note 57 (22)
Unspent conditional grants and receipts	-	-	**-**	3 906 551	**3 906 551**	Note 57 (23)
Provisions	8 451 847	60 680 477	**69 132 324**	14 845 275	**(54 287 049)**	Note 57 (24)
	81 620 735	**59 722 142**	**141 342 877**	**158 356 551**	**17 013 674**	
Non-Current Liabilities						
Other financial liabilities	58 637 488	-	**58 637 488**	58 637 488	**-**	
Employee benefit obligation	-	-	**-**	54 390 000	**54 390 000**	Note 57 (25)
Provisions	4 541 518	206 162	**4 747 680**	8 566 098	**3 818 418**	
	63 179 006	**206 162**	**63 385 168**	**121 593 586**	**58 208 418**	
	81 620 735	59 722 142	**141 342 877**	158 356 551	**17 013 674**	
	63 179 006	206 162	**63 385 168**	121 593 586	**58 208 418**	
	-	-	**-**	-	**-**	
Total Liabilities	**144 799 741**	**59 928 304**	**204 728 045**	**279 950 137**	**75 222 092**	
Assets	912 447 141	69 422 128	**981 869 269**	937 042 204	**(44 827 065)**	
Liabilities	(144 799 741)	(59 928 304)	**(204 728 045)**	(279 950 137)	**(75 222 092)**	
Net Assets	**767 647 400**	**9 493 824**	**777 141 224**	**657 092 067**	**(120 049 157)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	767 647 400	9 493 824	**777 141 224**	657 092 067	**(120 049 157)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	71 041 007	1 671 315	**72 712 322**	76 222 142	**3 509 820**	
Sale of goods and services	336 262 487	776 865	**337 039 352**	358 536 770	**21 497 418**	
Grants	137 131 632	291 025	**137 422 657**	145 094 555	**7 671 898**	
Interest income	7 887 844	(478 963)	**7 408 881**	-	**(7 408 881)**	
	552 322 970	**2 260 242**	**554 583 212**	**579 853 467**	**25 270 255**	
Payments						
Employee costs	(146 085 481)	-	**(146 085 481)**	(132 492 803)	**13 592 678**	
Suppliers	(329 720 108)	(28 346 048)	**(358 066 156)**	(378 833 041)	**(20 766 885)**	
Finance costs	(5 850 563)	-	**(5 850 563)**	-	**5 850 563**	
	(481 656 152)	**(28 346 048)**	**(510 002 200)**	**(511 325 844)**	**(1 323 644)**	
Total receipts	552 322 970	2 260 242	**554 583 212**	579 853 467	**25 270 255**	
Total payments	(481 656 152)	(28 346 048)	**(510 002 200)**	(511 325 844)	**(1 323 644)**	
Net cash flows from operating activities	**70 666 818**	**(26 085 806)**	**44 581 012**	**68 527 623**	**23 946 611**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(52 199 000)	(87 528)	**(52 286 528)**	-	**52 286 528**	
Cash flows from financing activities						
Repayment of other financial liabilities	(3 063 232)	-	**(3 063 232)**	-	**3 063 232**	
Net increase/(decrease) in cash and cash equivalents	15 404 586	(26 173 334)	**(10 768 748)**	68 527 623	**79 296 371**	
Cash and cash equivalents at the beginning of the year	5 985 323	12 990 678	**18 976 001**	-	**(18 976 001)**	
Cash and cash equivalents at the end of the year	**21 389 909**	**(13 182 656)**	**8 207 253**	**68 527 623**	**60 320 370**	

Lesedi Local Municipality

(Demarcation code GT423)
Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2016											
Financial Performance											
Property rates	85 591 575	5 299 123	90 890 698	-		90 890 698	89 841 384		(1 049 314)	99 %	105 %
Service charges	391 036 867	16 621 290	407 658 157	-		407 658 157	399 394 794		(8 263 363)	98 %	102 %
Investment revenue	9 390 290	5 195 811	14 586 101	-		14 586 101	11 771 535		(2 814 566)	81 %	125 %
Transfers recognised - operational	101 502 632	(6 716 216)	94 786 416	-		94 786 416	94 455 355		(331 061)	100 %	93 %
Other own revenue	10 517 203	2 873 830	13 391 033	-		13 391 033	59 352 363		45 961 330	443 %	564 %
Total revenue (excluding capital transfers and contributions)	**598 038 567**	**23 273 838**	**621 312 405**	**-**		**621 312 405**	**654 815 431**		**33 503 026**	**105 %**	**109 %**
Employee costs	(137 425 433)	(377 535)	(137 802 968)	-	236 235	(137 566 733)	(142 131 725)	-	(4 564 992)	103 %	103 %
Remuneration of councillors	(8 660 048)	(560 105)	(9 220 153)	-	-	(9 220 153)	(9 222 847)	-	(2 694)	100 %	106 %
Debt impairment	(61 344 597)	(1 348 751)	(62 693 348)			(62 693 348)	(112 267 249)	-	(49 573 901)	179 %	183 %
Depreciation and asset impairment	(38 026 235)	(3 674 407)	(41 700 642)			(41 700 642)	(43 508 835)	-	(1 808 193)	104 %	114 %
Finance charges	(5 850 563)	(4 795 000)	(10 645 563)	-	-	(10 645 563)	(14 457 584)	-	(3 812 021)	136 %	247 %
Materials and bulk purchases	(229 909 000)	(11 453 017)	(241 362 017)	-	-	(241 362 017)	(255 241 789)	-	(13 879 772)	106 %	111 %
Other expenditure	(99 811 108)	(15 955 391)	(115 766 499)	-	(236 235)	(116 002 734)	(112 965 847)	-	3 036 887	97 %	113 %
Total expenditure	**(581 026 984)**	**(38 164 206)**	**(619 191 190)**	**-**	**-**	**(619 191 190)**	**(689 795 876)**	**-**	**(70 604 686)**	**111 %**	**119 %**
Total revenue (excluding capital transfers and contributions)	598 038 567	23 273 838	621 312 405	-	-	621 312 405	654 815 431	-	33 503 026	105 %	109 %
Total expenditure	(581 026 984)	(38 164 206)	(619 191 190)	-	-	(619 191 190)	(689 795 876)	-	(70 604 686)	111 %	119 %
Surplus/(Deficit)	**17 011 583**	**(14 890 368)**	**2 121 215**	**-**		**2 121 215**	**(34 980 445)**		**(37 101 660)**	**(1 649)%**	**(206)%**

Lesedi Local Municipality

(Demarcation code GT423)
Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	35 629 000	7 382 650	43 011 650	-		43 011 650	35 380 454		(7 631 196)	82 %	99 %
Surplus/(Deficit)	17 011 583	(14 890 368)	2 121 215	-	-	2 121 215	(34 980 445)	-	(37 101 660)	(1 649)%	(206)%
Capital transfers and contributions	35 629 000	7 382 650	43 011 650	-	-	43 011 650	35 380 454	-	(7 631 196)	82 %	99 %
Surplus (Deficit) after capital transfers and contributions	**52 640 583**	**(7 507 718)**	**45 132 865**	-		**45 132 865**	**400 009**		**(44 732 856)**	**1 %**	**1 %**
Surplus (Deficit) after capital transfers and contributions	52 640 583	(7 507 718)	45 132 865	-	-	45 132 865	400 009	-	(44 732 856)	1 %	1 %
Surplus/(Deficit) for the year	**52 640 583**	**(7 507 718)**	**45 132 865**	-		**45 132 865**	**400 009**		**(44 732 856)**	**1 %**	**1 %**
Capital expenditure and funds sources											
Total capital expenditure	52 199 000	(7 112 472)	45 086 528	-		45 086 528	42 657 415		(2 429 113)	95 %	82 %

The budget was adjusted in terms of section 28 of the MFMA.

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations difffer from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations from the previous estimate.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Accounting Policies

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Accounting Policies

1.2 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Infrastructure	Straight line	
• Roads and Paving		10-30 years
• Electricity		20-30 years
• Water		15-20 years
Community	Straight line	
• Buildings		30 years
• Recreational Facilties		20-30 years
• Security		5 years
Other property, plant and equipment	Straight line	
• Buildings		30 years
• Specialist Vehicles		20 years
• Other Vehicles		5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Accounting Policies

1.2 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Accounting Policies

1.3 Intangible assets (continued)

Item	Useful life
Computer software, other	3 years
Servitudes	indefinite

1.4 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or

Accounting Policies

1.5 Financial instruments (continued)

- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Other receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Accounting Policies

1.6 Leases (continued)

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

1.8 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Identification

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Accounting Policies

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised a revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariifs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Budget information

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Accounting Policies

1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the control of the municipality are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions. The municipality only considers the executive management team of the municipality as related parties. The executive management team comprises of the Municipal Manager, Chief Financial Officer and other Executive Managers.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Notes to the Financial Statements

Figures in Rand	2016	2015

2. New standards and interpretations

Notes to the Financial Statements

2. New standards and interpretations (continued)

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2017	
• GRAP 20: Related parties	01 April 2017	
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	
• GRAP 108: Statutory Receivables	01 April 2016	
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	
• GRAP 16 (as amended 2015): Investment Property	01 April 2016	
• GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	
• GRAP 109: Accounting by Principals and Agents	01 April 2017	
• GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	01 April 2017	
• GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 April 2017	
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:

3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	265 791 912	(57 186 762)	208 605 150	265 791 912	(44 811 529)	220 980 383

Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	220 980 383	(12 375 233)	208 605 150

Reconciliation of investment property - 2015

	Opening balance	Depreciation	Total
Investment property	232 513 238	(11 532 855)	220 980 383

Figures in Rand	2016	2015

3. Investment property (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	175 098 505	-	175 098 505	175 098 505	-	175 098 505
Infrastructure	598 106 245	(299 593 798)	298 512 447	593 639 070	(281 518 105)	312 120 965
Community	134 645 545	(66 981 570)	67 663 975	132 602 964	(60 816 860)	71 786 104
Other property, plant and equipment	39 518 097	(24 904 649)	14 613 448	43 171 897	(24 660 666)	18 511 231
Capital work in progress	38 433 262	-	38 433 262	14 778 142	-	14 778 142
Library books	13 827 240	(7 881 080)	5 946 160	13 399 769	(6 624 828)	6 774 941
Work in progress - Library books	2 390 523	-	2 390 523	2 736 779	-	2 736 779
Total	**1 002 019 417**	**(399 361 097)**	**602 658 320**	**975 427 126**	**(373 620 459)**	**601 806 667**

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	175 098 505	-	-	-	-	-	175 098 505
Infrastructure	312 120 965	-	(45 335)	4 579 558	(18 142 741)	-	298 512 447
Community	71 786 104	-	-	2 040 022	(6 062 819)	(99 332)	67 663 975
Other property, plant and equipment	18 511 231	1 266 318	(884 373)	2 560	(4 282 288)	-	14 613 448
Capital work in progress	14 778 142	30 277 260	-	(6 622 140)	-	-	38 433 262
Library books	6 774 941	-	(55 566)	489 138	(1 262 353)	-	5 946 160
Work in progress - Library books	2 736 779	142 882	-	(489 138)	-	-	2 390 523
	601 806 667	**31 686 460**	**(985 274)**	**-**	**(29 750 201)**	**(99 332)**	**602 658 320**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment reversal	Total
Land	175 098 505	-	-	-	-	-	-	175 098 505
Infrastructure	281 663 405	7 584 652	(3 860 074)	12 564 652	31 272 740	(17 514 534)	410 124	312 120 965
Community	77 916 942	29 900	(25 050)	-	-	(6 135 688)	-	71 786 104
Other property, plant and equipment	17 284 381	1 296 958	(2 972)	4 275 476	-	(4 342 612)	-	18 511 231
Capital work in progress	2 393 827	43 657 055	-	-	(31 272 740)	-	-	14 778 142
Library books	7 881 438	382 690	(256 636)	-	59 955	(1 292 506)	-	6 774 941
Work in progress - Library books	1 484 558	1 349 022	-	-	(59 955)	(36 846)	-	2 736 779
	563 723 056	**54 300 277**	**(4 144 732)**	**16 840 128**	**-**	**(29 322 186)**	**410 124**	**601 806 667**

Notes to the Financial Statements

Figures in Rand	2016	2015

5. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7 138 544	(3 220 497)	3 918 047	7 229 256	(2 594 450)	4 634 806

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	4 634 806	567 312	(1 284 071)	3 918 047

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software, other	4 473 807	843 849	(682 850)	4 634 806

6. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	157 702	-	157 702	157 702	-	157 702

Reconciliation of heritage assets 2016

	Opening balance	Total
Historical buildings	157 702	157 702

Reconciliation of heritage assets 2015

	Opening balance	Total
Historical buildings	157 702	157 702

Figures in Rand	2016	2015

7. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

Eligible in-service and continuation members employed prior to 30 June 2004 and who are on the old South African Local Government Asscoiation (SALGA) agreement are entitled to a 60% subsidy of medical scheme contributions in retirement subject to a maximum Rand Cap of R3,618.04.

The Rand Cap amount is expected to increase each year in line with healthcare cost inflation, effective 1 January each year.

Summary of membership data:

Reason	Number	Average Age
Continuation members	33	71.18
In-service member	102	50.14

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(54 390 000)	(51 121 000)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	51 121 000	46 763 000
Net expense recognised in the statement of financial performance	3 269 000	4 358 000
	54 390 000	**51 121 000**

Net expense recognised in the statement of financial performance

Current service cost	1 756 000	1 608 000
Interest cost	4 795 000	4 477 000
Actuarial (gains) losses	(1 042 000)	(558 000)
Settlement	(2 240 000)	(1 169 000)
	3 269 000	**4 358 000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(1 042 000)	(558 000)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9,68 %	9,50 %
Proportion of employees opting for early retirement	- %	- %
Expected increase in healthcare costs	9,19 %	9,10 %
Future changes in maximum state healthcare benefits	9,19 %	9,10 %
Expected retirement age	65	65
	-	-

Notes to the Financial Statements

Figures in Rand	2016	2015

7. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	6 355 000	7 758 000
Effect on defined benefit obligation	46 597 000	64 354 000

Amounts for the current and previous four years are as follows:

	2016 R	2015 R	2014 R	2013 R	2012 R
Defined benefit obligation	54 390 000	51 121 000	36 800 000	-	-
Experience adjustments on plan liabilities	-	547 000	-	-	-

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

8. Inventories

Consumable stores	2 593 656	3 083 564
Water	220 693	177 172
	2 814 349	**3 260 736**

9. Receivables from exchange transactions

Deposits	549 150	380 340
Sundry debtors	3 591 801	4 596 192
	4 140 951	**4 976 532**

10. Receivables from non-exchange transactions

Fines	6 868 003	4 880 229
Government grants and subsidies	1 826 205	2 323 966
	8 694 208	**7 204 195**

Reconciliation for fines is shown in note 55.

Figures in Rand	2016	2015
11. Consumer debtors		
Gross balances		
Rates	52 555 878	44 435 208
Electricity	113 240 940	91 689 579
Water	119 570 068	101 412 205
Sewerage	34 927 880	29 630 372
Refuse	51 443 713	45 728 883
VAT	41 583 641	34 503 381
Other	40 261 232	27 306 995
	453 583 352	**374 706 623**
Less: Allowance for impairment		
Rates	(35 714 026)	(34 279 087)
Electricity	(85 391 383)	(71 196 694)
Water	(103 215 910)	(88 506 873)
Sewerage	(30 425 359)	(26 134 877)
Refuse	(46 904 140)	(41 772 294)
VAT	(34 014 444)	(29 162 155)
Other	(26 854 039)	(26 334 244)
	(362 519 301)	**(317 386 224)**
Net balance		
Rates	16 841 852	10 156 121
Electricity	27 849 557	20 492 885
Water	16 354 158	12 905 332
Sewerage	4 502 521	3 495 495
Refuse	4 539 573	3 956 589
VAT	7 569 197	5 341 226
Other	13 407 193	972 751
	91 064 051	**57 320 399**
Rates		
Current (0 -30 days)	8 013 315	5 446 361
31 - 60 days	2 661 374	1 884 989
61 - 90 days	1 872 653	1 498 377
91 - 120 days	4 294 510	1 326 394
	16 841 852	**10 156 121**
Electricity		
Current (0 -30 days)	18 217 081	13 079 705
31 - 60 days	3 571 200	2 979 648
61 - 90 days	2 743 201	2 293 958
91 - 120 days	3 318 075	2 139 574
	27 849 557	**20 492 885**
Water		
Current (0 -30 days)	8 584 711	6 815 162
31 - 60 days	5 567 199	3 079 597
61 - 90 days	1 654 425	2 554 840
91 - 120 days	547 823	455 733
	16 354 158	**12 905 332**

Notes to the Financial Statements

Figures in Rand	2016	2015
11. Consumer debtors (continued)		
Sewerage		
Current (0 -30 days)	1 679 023	1 458 223
31 - 60 days	970 894	810 223
61 - 90 days	846 749	732 257
91 - 120 days	1 005 855	494 792
	4 502 521	**3 495 495**
Refuse		
Current (0 -30 days)	1 852 305	1 716 069
31 - 60 days	1 318 767	1 110 750
61 - 90 days	1 184 706	1 000 829
91 - 120 days	183 795	128 941
	4 539 573	**3 956 589**
VAT		
Current (0 -30 days)	4 408 072	2 851 866
31 - 60 days	1 601 306	1 117 231
61 - 90 days	895 870	921 464
91 - 120 days	663 949	450 665
	7 569 197	**5 341 226**
Other (specify)		
Current (0 -30 days)	9 892 335	972 751
31 - 60 days	710 242	-
61 - 90 days	599 246	-
91 - 120 days	474 188	-
121 - 365 days	484 642	-
> 365 days	1 246 540	-
	13 407 193	**972 751**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(317 386 224)	(286 347 662)
Contributions to allowance	(74 639 170)	(75 844 490)
Debt impairment written off against allowance	29 506 093	44 805 928
	(362 519 301)	**(317 386 224)**

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 900	2 835
Bank balances	2 350 817	2 380 003
Short-term deposits	12 636 709	16 593 163
	14 989 426	**18 976 001**

Figures in Rand	2016	2015

12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Bank - Main Cheque Account	2 274 860	1 972 744	2 940 114	792 832	610 215	(2 528 576)
ABSA Bank - Cheque Account	75 957	407 259	197 144	75 957	407 259	197 144
ABSA Bank - Call Account	11 746 236	13 323 909	3 395 405	11 746 236	13 323 909	3 395 405
Investec - Call Account	890 473	3 269 254	1 712 934	890 473	3 269 254	1 712 934
Total	**14 987 526**	**18 973 166**	**8 245 597**	**13 505 498**	**17 610 637**	**2 776 907**

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Government grant (operating) 8 - Provincial clinics	(522 096)	(629 945)
Government grant (operating) 12 - District health	(1 304 109)	(1 694 021)
Government grant (operating) 17 - BKB Grant	274 027	460 650
Government grant (capital) 1 - Municipal Infrastructure Grant	-	3 486 312
Government grant (capital) 2 - Integrated National Electrification Programme Grant	1 490 590	-
Government grant (capital) 6 - Recapitalization of Community Libraries Grant	1 639 362	-
Government grants (capital) 7 - Environmental Quality Management Grant	-	487 769
Government grant (capital) 11 - NLDTF/Lotto	502 572	1 328
Government grant (operating) - Moneys receivable	1 826 205	2 323 966
	3 906 551	**4 436 059**

Movement during the year

Balance at the beginning of the year	4 436 059	2 111 040
Additions during the year	127 480 116	143 099 010
Income recognition during the year	(129 835 829)	(142 882 401)
Transfer to payables	-	(215 556)
Reversal of debtor for reconciliation	1 826 205	2 323 966
	3 906 551	**4 436 059**

Net grants for movement reconciliation		
Receivables from non exchange transactions	(1 826 205)	(2 323 966)
Unspent conditinal grant rollovers	3 906 551	4 436 059
	2 080 346	**2 112 093**

See note 25 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

14. Other financial liabilities

At amortised cost		
Bank loans - other	61 994 066	65 057 297
Terms and conditions		

Figures in Rand	2016	2015

14. Other financial liabilities (continued)

The municipality has various loans wit the DBSA wth periods ranging from 12 to 20 years. The interest rates are fixed and range from 5% to 14.24%.

Refer to appendix A for details on loans.

Non-current liabilities		
At amortised cost	58 637 488	61 994 065
Current liabilities		
At amortised cost	3 356 578	3 063 232

15. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	4 747 680	-	-	3 818 418	8 566 098
Provision for 13th cheque	2 990 865	7 117 774	(6 376 155)	-	3 732 484
Provision for leave pay	8 469 458	4 717 955	(2 074 622)	-	11 112 791
	16 208 003	**11 835 729**	**(8 450 777)**	**3 818 418**	**23 411 373**

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	4 541 518	-	-	206 162	4 747 680
Provision for 13th cheque	2 600 469	6 026 124	(5 635 728)	-	2 990 865
Provision for leave pay	5 851 378	4 804 879	(2 186 799)	-	8 469 458
	12 993 365	**10 831 003**	**(7 822 527)**	**206 162**	**16 208 003**

Non-current liabilities	8 566 098	4 747 680
Current liabilities	14 845 275	11 460 323
	23 411 373	**16 208 003**

16. Payables from exchange transactions

Trade payables	83 173 067	81 407 526
Payments received in advanced	15 163 266	15 576 252
Retentions	3 062 630	4 425 317
Accrued bonus	3 053 184	2 394 405
Accrued salaries	2 090 857	118 111
Deposits received	323 000	119 960
Other payables	325 807	259 505
Unclaimed and confiscated deposits	1 462 260	1 461 947
Grants to be repaid	-	465 556
	108 654 071	**106 228 579**

17. VAT payable

Tax refunds payables	18 030 262	11 335 606

Notes to the Financial Statements

Figures in Rand	2016	2015
18. Consumer deposits		
All services	9 563 820	8 238 829
19. Revenue		
Service charges	399 394 794	333 816 123
Rental of facilities and equipment	4 019 371	3 512 499
Licences and permits	62 201	41 377
Administration and management fees received	2 755 206	1 003 700
Recoveries	2 875 203	1 479 295
Other income - (rollup)	769 153	761 320
Interest received - investment	11 771 535	11 520 777
Property rates	89 841 384	84 459 205
Government grants & subsidies	129 835 809	142 882 331
Public contributions and donations	-	16 840 128
Fines, Penalties and Forfeits	47 683 629	30 849 364
	689 008 285	**627 166 119**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	399 394 794	333 816 123
Rental of facilities and equipment	4 019 371	3 512 499
Licences and permits	62 201	41 377
Administration and management fees received	2 755 206	1 003 700
Recoveries	2 875 203	1 479 295
Other income - (rollup)	769 153	761 320
Interest received - investment	11 771 535	11 520 777
	421 647 463	**352 135 091**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	89 841 384	84 459 205
Transfer revenue		
Government grants & subsidies	129 835 809	142 882 331
Public contributions and donations	-	16 840 128
Fines, Penalties and Forfeits	47 683 629	30 849 364
	267 360 822	**275 031 028**
20. Service charges		
Sale of electricity	261 814 925	216 219 039
Sale of water	84 727 834	70 208 747
Sewerage and sanitation charges	23 909 331	20 711 417
Refuse removal	27 810 710	25 597 955
Other service charges	1 131 994	1 078 965
	399 394 794	**333 816 123**
21. Rental of facilities and equipment		
Premises		
Premises	1 102 593	1 084 349

Notes to the Financial Statements

Figures in Rand	2016	2015

21. Rental of facilities and equipment (continued)

Facilities and equipment		
Rental of facilities	2 712 555	2 316 720
Rental of equipment	204 223	111 430
	2 916 778	**2 428 150**
Premises	1 102 593	1 084 349
Garages and parking	-	-
Facilities and equipment	2 916 778	2 428 150
	4 019 371	**3 512 499**

22. Other revenue

Administration and management fees received - third party	2 755 206	1 003 700
Insurance recoveries	2 607 262	1 224 550
Other recoveries	267 941	254 745
Other income	769 153	761 320
	6 399 562	**3 244 315**

23. Investment revenue

Interest revenue		
Interest charged on trade and other receivables	9 959 305	10 482 157
Interest earned - external investments	1 812 230	1 038 620
	11 771 535	**11 520 777**

24. Property rates

Rates received		
Residential	114 460 349	106 641 063
Less: Income forgone	(24 618 965)	(22 181 858)
	89 841 384	**84 459 205**

Valuations (R '000)		
Residential	6 562 145	6 549 330
Commercial	1 741 346	1 740 911
State	676 028	665 944
Municipal	287 800	282 330
Small holdings and farms	1 866 157	1 862 681
	11 133 476	**11 101 196**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2018.

Figures in Rand	2016	2015

25. Government grants and subsidies

Operating grants		
Equitable share	82 794 000	71 665 000
Government grant (operating) 1 - Finance Management Grant	1 450 000	1 528 165
Government grant (operating) 2 - Municipal Systems Improvement Grant	930 000	934 000
Government grant (operating) 3 - Expanded Public Works Program Integrated Grant	1 347 000	1 269 065
Government grant (operating) 6 - Libraries plan	500 000	1 745 473
Government grant (operating) 8 - Provincial clinics	23 984	152 472
Government grant (operating) 10 - Sustainable Resource Management Grant	-	1 430 000
Government grant (operating) 12 - District health	3 254 245	3 724 011
Government grant (operating) 14 - Expanded Public Works Program (Cogta)	500 000	500 000
Government grant (operating) 15 - Rural Development Coordination Grant	-	246 908
Government grant (operating) 16 - Cogta	1 000 000	-
Government grant (operating) 17 - BKB grant	186 623	30 682
Government grant (operating) 18 - LG Seta	2 469 503	1 493 018
	94 455 355	**84 718 794**
Capital grants		
Government grant (capital) 1 - Municipal Infrastructure Grant	26 115 312	32 550 688
Government grant (capital) 2 - Integrated National Electrification Grant	3 909 410	7 003 140
Government grant (capital) 6 - Recapitalization of Community Libraries Grant	4 560 638	4 817 477
Government grant (capital) 7 - Environmental Quality Management Grant	487 769	2 231
Government grant (capital) 10 - Human Settlement Development Grant	-	13 700 000
Government grant (capital) 11 - NLDTF/Lotto	307 325	90 001
	35 380 454	**58 163 537**
	94 455 355	84 718 794
	35 380 454	58 163 537
	129 835 809	**142 882 331**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	47 041 809	71 217 331
Unconditional grants received	82 794 000	71 665 000
	129 835 809	**142 882 331**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 386 (2015: R 349), which is funded from the grant.

Government grant (operating) 1 - Finance Management Grant

Balance unspent at beginning of year	-	78 165
Current-year receipts	1 450 000	1 450 000
Conditions met - transferred to revenue	(1 450 000)	(1 528 165)
	-	-

Government grant (operating) 2 - Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	-
Current-year receipts	930 000	934 000

Figures in Rand	2016	2015
25. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(930 000)	(934 000)
	-	-
Government grant (operating) 3 - Expanded Public Works Program Integrated Grant		
Balance unspent at beginning of year	-	65
Current-year receipts	1 347 000	1 269 000
Conditions met - transferred to revenue	(1 347 000)	(1 269 065)
	-	-
Government grant (operating) 6 - Libraries plan		
Balance unspent at beginning of year	-	454 042
Current-year receipts	500 000	1 291 431
Conditions met - transferred to revenue	(500 000)	(1 745 473)
	-	-
Government grant (operating) 8 - Provincial clinics		
Balance unspent at beginning of year	(629 945)	(981 817)
Current-year receipts	131 833	504 344
Conditions met - transferred to revenue	(23 984)	(152 472)
	(522 096)	**(629 945)**
Government grant (operating) 10 - Sustainable Resource Management Grant		
Current-year receipts	-	1 430 000
Conditions met - transferred to revenue	-	(1 430 000)
	-	-
Government grant (operating) 12 - District health		
Balance unspent at beginning of year	(1 694 021)	(703 798)
Current-year receipts	3 644 157	2 733 787
Conditions met - transferred to revenue	(3 254 245)	(3 724 010)
	(1 304 109)	**(1 694 021)**
Government grant (operating) 14 - Expanded Public Works Program (Cogta)		
Balance unspent at beginning of year	-	-
Current-year receipts	500 000	500 000
Conditions met - transferred to revenue	(500 000)	(500 000)
	-	-
Government grant (operating) 15 - Rural Development Coordination Grant		
Balance unspent at beginning of year	-	462 464
Conditions met - transferred to revenue	-	(246 908)
Other	-	(215 556)
	-	-
Government grant (operating) 16 - Cogta		

Figures in Rand	2016	2015
25. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	-
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(1 000 000)	-
	-	-
Government grant (operating) 17 - BKB grant		
Balance unspent at beginning of year	460 650	306 332
Current-year receipts	-	185 000
Conditions met - transferred to revenue	(186 623)	(30 682)
	274 027	**460 650**
Government grant (operating) 18 - LG Seta		
Balance unspent at beginning of year	-	-
Current-year receipts	2 469 503	1 493 018
Conditions met - transferred to revenue	(2 469 503)	(1 493 018)
	-	-
Government grant (capital) 1 - Municipal Infrastructure Grant		
Balance unspent at beginning of year	3 486 312	-
Current-year receipts	22 629 000	36 037 000
Conditions met - transferred to revenue	(26 115 312)	(32 550 688)
	-	**3 486 312**
Government grant (capital) 2 - Integrated National Electrification Grant		
Balance unspent at beginning of year	-	3 140
Current-year receipts	5 400 000	7 000 000
Conditions met - transferred to revenue	(3 909 410)	(7 003 140)
	1 490 590	-
Government grant (capital) 6 - Recapitalization of Community Libraries Grant		
Balance unspent at beginning of year	-	715 503
Current-year receipts	6 200 000	4 101 974
Conditions met - transferred to revenue	(4 560 638)	(4 817 477)
	1 639 362	-
Government grant (capital) 7 - Environmental Quality Management Grant		
Balance unspent at beginning of year	487 769	-
Current-year receipts	-	490 000
Conditions met - transferred to revenue	(487 769)	(2 231)
	-	**487 769**
Government grant (capital) 10 - Human Settlement Development Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	-	13 700 000

Notes to the Financial Statements

Figures in Rand	2016	2015
25. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	-	(13 700 000)
	-	-
Government grant (capital) 11 - NLDTF/Lotto		
Balance unspent at beginning of year	1 328	91 329
Current-year receipts	808 569	-
Conditions met - transferred to revenue	(307 325)	(90 001)
	502 572	**1 328**

Additional text

26. Public contributions and donations

Donations	-	16 840 128

Donations income consists of the following:

Infrastructure	R12,564,652
Vehicles	R 4,140,000
Computers	R 135,476

Notes to the Financial Statements

Figures in Rand	2016	2015

27. Employee related costs

Basic	85 189 139	77 481 981
Medical aid - company contributions	6 936 707	5 857 191
UIF	767 383	725 970
WCA	-	1 105 755
SDL	979 468	943 120
Other payroll levies	41 367	37 577
Leave pay provision charge	2 643 333	2 618 080
Pension costs	16 377 672	14 538 350
Leave pay	2 074 623	2 186 800
Group insurance	1 280 871	1 095 818
Overtime payments	6 535 726	5 498 332
13th Cheques	7 776 551	6 413 592
Acting allowances	710 446	243 734
Car allowance	2 403 300	1 815 315
Housing benefits and allowances	1 344 916	347 190
Cellphone allowance	92 550	85 388
Entertainment allowance	840	770
Standby	780 374	714 712
Cleaning allowance	240	240
Tool allowance	1 080	1 080
	135 936 586	**121 710 995**

Remuneration of municipal manager

Annual Remuneration	1 209 894	1 209 627
Car Allowance	254 619	254 619
Contributions to UIF, Medical and Pension Funds	1 785	1 785
	1 466 298	**1 466 031**

Remuneration of chief finance officer

Annual Remuneration	163 436	1 159 046
Car Allowance	40 933	105 590
Contributions to UIF, Medical and Pension Funds	298	1 785
	204 667	**1 266 421**

Remuneration of executive manager: Corporate services

Annual Remuneration	640 457	632 949
Car Allowance	192 000	160 000
Contributions to UIF, Medical and Pension Funds	142 685	126 904
Housing Subsidy	72 000	60 000
Cellphone Allowance	12 000	10 000
	1 059 142	**989 853**

Remuneration of executive manager: Community services

Annual Remuneration	791 668	722 379
Car Allowance	262 291	244 327
Contributions to UIF, Medical and Pension Funds	27 324	23 147
	1 081 283	**989 853**

Remuneration of executive manager: Infrastructure services

Notes to the Financial Statements

Figures in Rand	2016	2015

27. Employee related costs (continued)

Annual Remuneration	653 717	598 081
Car Allowance	254 226	252 308
Contributions to UIF, Medical and Pension Funds	151 199	139 464
Acting Allowance	265 466	-
	1 324 608	**989 853**

Remuneration of executive manager: Local economic development

Annual Remuneration	704 501	647 711
Car Allowance	163 398	166 754
Contributions to UIF, Medical and Pension Funds	191 242	175 388
	1 059 141	**989 853**

28. Remuneration of councillors

Executive Mayor	778 881	739 363
Speaker	627 278	595 664
Councillors	7 816 688	7 097 665
	9 222 847	**8 432 692**

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of a Council owned vehicle with two drivers and bodyguards for official duties. The Executive Mayor is assisted by a manger, gender officer and an administrative assistant. The speaker is assisted by a manager and a secretary.

29. Depreciation and amortisation

Property, plant and equipment	29 750 199	29 322 187
Investment property	12 375 232	11 532 854
Intangible assets	1 284 072	682 850
	43 409 503	**41 537 891**

30. Impairment of assets

Impairments		
Property, plant and equipment	99 332	(410 124)

The main classes of assets affected by impairment losses are:

	2015/16	2014/15
Infrastructure	-	(410,124)
Community assets	99,332	-

Notes to the Financial Statements

Figures in Rand	2016	2015
31. Finance costs		
Non-current borrowings	5 844 166	6 126 465
Bank overdraft	-	874 942
Interest cost on employee benefits	4 795 000	4 477 000
Fair value adjustments on landfill site	3 818 418	-
	14 457 584	**11 478 407**
32. Debt impairment		
Impairment on traffic fines	36 325 154	20 535 043
Contributions to debt impairment provision	74 639 171	75 844 490
Bad debts written off	1 302 924	969 025
	112 267 249	**97 348 558**
33. Bulk purchases		
Electricity	200 039 163	168 588 132
Water	46 376 173	40 725 946
Sewer purification	8 826 453	8 060 687
	255 241 789	**217 374 765**
34. Contracted services		
Other Contractors	566 528	525 683

Notes to the Financial Statements

Figures in Rand	2016	2015

35. General expenses

Advertising	173 122	287 121
Auditors remuneration	3 708 339	4 150 503
Bank charges	583 001	507 947
Consulting and professional fees	11 903 709	11 046 205
Consumables	358 858	558 319
Debt collection	6 499 137	6 587 076
Donations	1 500	-
Entertainment	299 159	189 173
Fines and penalties	20 950	1 710 050
Hire of equipment	1 317 712	2 461 681
Insurance	3 277 212	2 876 155
Community development and training	66 732	353 130
IT expenses	2 585 776	349 035
Fleet expense	7 278 769	6 966 338
Promotions and sponsorships	91 804	-
Magazines, books and periodicals	-	109 283
Pest control	52 009	69 436
Postage and courier	786 485	796 735
Printing and stationery	609 975	1 356 314
Promotions	-	1 000 000
Protective clothing	772 774	503 647
Security (Guarding of municipal property)	11 074 364	8 652 267
Software expenses	-	502 391
Staff welfare	41 340	476 840
Subscriptions and membership fees	1 420 346	1 313 833
Telephone and fax	2 472 998	1 533 265
Training	2 263 917	4 768 612
Travel - local	460 314	1 760 429
Refuse	8 009 215	6 046 233
Assets expensed	486 961	214 693
Billing and meter reading charges	1 573 376	1 111 798
Laboratory charges	432	-
Grant related expenditure	1 939 175	2 424 330
Connection costs	366 774	565 814
Indigents	12 592 747	10 465 612
Valuation costs	213 936	955 680
Pensioners	1 024 184	1 842 622
Other expenses	5 873 400	3 148 941
	90 200 502	**87 661 508**

36. Auditors' remuneration

Fees	3 708 339	4 150 503

37. Taxation

The municipality is exempt from income tax in terms of the Income Tax Act (Act No.58 of 1962) Section 10(1)(a).

38. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Notes to the Financial Statements

Figures in Rand	2016	2015
38. Operating surplus (continued)		
Loss on sale of property, plant and equipment	(162 406)	(4 144 732)
Impairment on property, plant and equipment	99 332	(410 124)
Amortisation on intangible assets	1 284 072	682 850
Depreciation on property, plant and equipment	29 750 199	29 322 187
Depreciation on investment property	12 375 232	11 532 854
Employee costs	151 354 572	136 835 551
39. Cash generated from operations		
Surplus	400 009	6 604 543
Adjustments for:		
Depreciation and amortisation	43 409 503	41 537 891
Gain on sale of assets and liabilities	162 406	4 144 732
Impairment loss (reversal)	99 332	(410 124)
Debt impairment	112 267 249	97 348 558
Movements in retirement benefit assets and liabilities	3 269 000	4 358 000
Movements in provisions	7 203 370	3 214 638
Non-cash donation income	-	(16 840 126)
Changes in working capital:		
Inventories	446 387	498 505
Receivables from exchange transactions	835 581	(3 259 185)
Consumer debtors	(146 010 901)	(93 380 661)
Other receivables from non-exchange transactions	(1 490 013)	(4 480 679)
Payables from exchange transactions	2 425 492	26 664 991
VAT	6 694 656	(136 068)
Unspent conditional grants and receipts	(529 508)	2 325 019
Consumer deposits	1 324 991	505 459
	30 507 554	**68 695 493**

Company Secretary's Certification

40. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	4 140 951	4 140 951
Other receivables from non-exchange transactions	-	8 694 208	8 694 208
Consumer debtors	-	91 064 051	91 064 051
Cash and cash equivalents	14 989 426	-	14 989 426
	14 989 426	**103 899 210**	**118 888 636**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	61 994 066	61 994 066
Trade and other payables from exchange transactions	108 654 069	108 654 069
Unspent conditional grants	3 906 551	3 906 551
Consumer deposits	9 563 820	9 563 820
VAT payable	18 030 262	18 030 262
	202 148 768	**202 148 768**

2015

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	4 976 532	4 976 532
Other receivables from non-exchange transactions	-	10 758 067	10 758 067
Consumer debtors	-	57 320 399	57 320 399
Cash and cash equivalents	18 976 001	-	18 976 001
	18 976 001	**73 054 998**	**92 030 999**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	65 057 297	65 057 297
Trade and other payables from exchange transactions	106 228 579	106 228 579
Unspent conditional grants	4 436 059	4 436 059
Consumer deposits	8 238 829	8 238 829
VAT payable	11 335 606	11 335 606
	195 296 370	**195 296 370**

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	36 435 179	8 240 503
Total capital commitments		
Already contracted for but not provided for	36 435 179	8 240 503

Authorised operational expenditure

Already contracted for but not provided for		
• Valuation costs	1 278 502	-
• Consulting and professional fees	1 668 259	-
• Software / IT expenses	1 881 118	-
• Contracted services	176 260	-
• Telephone and fax	3 564 724	-
• Hire of equipment	2 543 053	-
	11 111 916	**-**
Total operational commitments		
Already contracted for but not provided for	11 111 916	-

Total commitments

Total commitments		
Authorised capital expenditure	36 435 179	8 240 503
Authorised operational expenditure	11 111 916	-
	47 547 095	**8 240 503**

The committed capital expenditure relates to plant and equipment and will be financed by the recapitalisation of libraries grant, the integrated national electrification grant and funds internally generated.

This committed expenditure consists of the following:

1. WA Roads Construction CC (Kwazenzele pipeline)	- R 1,065,817
2. WA Roads Construction CC (Reservoir)	- R 10,786,963
3. F&J Electrical	- R 18,291,763
4. JM Mncwango Trading	- R 2,663,603
5. TM Khoza & Associates	- R 50,504
6. Asatico Civil & Construction	- R 657,117
7. Tshawe Infrastructure Technologies	- R 83,150
8. Dikgato Engineers	- R 50,300
9. Ugqoloma Holdings	- R 1,146,600
10. Library projects	- R 1,639,362

The committed operational expenditure relates to general expenses and will be financed by funds internally generated.

This committed expenditure consists of the following:

1. Neil de Klerk	- R 1,278,502
2. Amaza Telematics and Fleet Management	- R 1,813,460
3. Meso Automation	- R 2,543,053
4. New Dawn Technologies	- R 3,564,724
5. I@ Consulting	- R 1,668,259
6. Sonke Consulting	- R 67,658
7. Fire Flame Trading and Projects (Pty) Ltd	- R 176,260

41. Commitments (continued)

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	775 416	1 086 376
- in second to fifth year inclusive	-	533 682
	775 416	**1 620 058**

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

42. Contingencies

A labour matter is pending against the municipality relating to a dispute with a former employee who alleges that she was unfairly dismissed and is seeking damages of R 1 500 000. The matter has been referred to the labour court.

A labour matter is pending against the municipality relating to a dispute with an employee who was demoted on grounds of misconduct. The employee is seeking damages of R 500 000. The matter has been referred to the labour court.

A labour matter is pending against the municipality relating to a dispute with an employee who was suspended and is seeking reinstatement. The employee is seeking damages of R 3 000 000.

A labour matter is pending against the municipality relating to a former employee who is claiming unpaid sick leave. The amount of the claim is R 1 000 000.

Litigation is in the process against the municipality relating to a dispute with regards to the implementation of new water and electricity tariffs. The amount of the claim is R 230 000.

Litigation is in the process against the municipality relating to a service provider seeking reinstatement of terminted contracted. The amount of the claim is R 1 500 000.

43. Related parties

Relationships	
Close family member of key management	None
Joint venture of key management	None
Associate of close family member of key management	None
Members of key management	A Makhanya (Municipal Manager) I Rampedi (Acting Municipal Manager) P Mpele (Chief Financial Officer) K Molohlanye (Executive Manager Corporate Services) J Marwa (Executive Manager Development and Planning) C Mokoena (Executive Manager Community Services)

Details of the remuneration of key management is contained in note 27.

44. Prior period errors

Property, plant and equipment also had to be restated due to assets found during the verification process that were not in the asset register.

Payables from exchange transactions had to be restated due to duplicates in the raising of the debtor for debt collection.

Payables from non-exchange transactions had to be restated due to impairment on unpaid traffic fines.

The correction of the error(s) results in adjustments as follows:

44. Prior period errors (continued)

Statement of financial position		
Property, plant and equipment	-	9 533 272
Receivables from exchange transactions	-	(2 017 700)
Receivables from non-exchange transactions	-	(24 420 101)
Opening Accumulated Surplus or Deficit	-	(6 114 279)
Statement of Financial Performance		
Fines, penalties and forfeits	-	(637 839)
Depreciation expense	-	260 379
Debt impairment	-	21 504 068
Repairs and maintenance	-	(125 500)
General expenses (Debt collection)	-	2 017 700

45. Comparative figures

Certain comparative figures have been reclassified.

[Insert reasons for reclassification.]

The effects of the reclassification are as follows:

Statement of financial position - extract

Statement of financial performance - extract

46. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**2016**	**2015**
Current Account (ABSA)	2 274 860	1 972 744
Current Account (ABSA)	75 957	407 259
Call Account (ABSA)	11 746 236	13 323 909
Call Account (Investec)	890 473	3 269 254
Trade and other receivables from exchange transactions	4 140 951	4 676 532
Other receivables from non-exchange transactions	8 694 208	10 758 067
Consumer debtors	91 064 051	57 320 399

Market risk

Notes to the Financial Statements

Figures in Rand

46. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

47. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

48. Unauthorised expenditure

Opening balance	51 572 488	6 221
Unauthorised expenditure	70 604 686	51 566 267
	122 177 174	**51 572 488**

Included in unauthorised expenditure is overexpenditure on salaries, bulk purchases and general expenses.

49. Fruitless and wasteful expenditure

Opening balance	3 656 179	369 254
Fruitless and wasteful expenditure - current year	5 009 806	3 286 925
	8 665 985	**3 656 179**

Fruitless and wasteful expenditure consists of interest on late payments to Eskom, Rand Water, Telkom, Municipal councillors pension fund and the municipal gratuity fund.

50. Irregular expenditure

Opening balance	83 373 117	12 965 977
Add: Irregular Expenditure - current year	39 831 163	70 407 140
Add: Irregular Expenditure - prior year	2 876 200	-
	126 080 480	**83 373 117**

Analysis of expenditure awaiting condonation per age classification

Current year	39 831 163	70 407 140
Prior years	86 249 317	12 965 977
	126 080 480	**83 373 117**

51. In-kind donations and assistance

The municipality received the following in-kind donations and assistance:

MiSA provided the municipality with the services of a structural and civil expert (12 months).

52. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	3 613 169	2 555 054
Amount paid - current year	(3 613 169)	(2 555 054)
	-	-

Notes to the Financial Statements

Figures in Rand

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	-	-
Current year subscription / fee	18 087 386	15 426 451
Amount paid - current year	(18 087 386)	(15 426 451)
	-	-

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	23 819 603	32 697 462
Amount paid - current year	(23 819 603)	(32 697 462)
	-	-

VAT

VAT payable	18 030 262	11 335 606

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30 June 2016	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
SM Sibeko	2 666	-	2 666

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
TS Moremi	1 702	1 473	3 175
SM Sibeko	582	-	582
	2 284	**1 473**	**3 757**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Supply chain management regulations

In terms of section 45 of the Municipal Supply Chain Management Regulations any award of more than R2000 to a person who is a spouse, child or parent of a person who is in the service of the state, or has been in the service of the state in the previous 12 months must be disclosed in the annual financial statements. These awards are as disclosed below:

An amount of R97 460 was paid to Prosellono Trading & Projects(Pty)Ltd for the 2015/2016 Financial Year whose owner Mr Sello Mofokeng, is the spouse of Nonhlanhla Mkwanazi who is employed as a creditors officer at Lesedi Local Municipality.

53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the financial statements.

Forty five procurements, noted below, were procured during the financial year under review and the process followed in procuring these goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the adjudication committee and council who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The procurements noted above are:

Reason	Number	Value
Emergency [S36 (1)(a)(i)]	11 Companies	R 1,922,901
Impractical to follow SCM [S36 (1)(a)(v)]	26 Companies	R 4,113,121
Sole supplier [S36 (1)(a)(ii)]	13 Companies	R 1,170,017

54. Debtors on RDP houses not yet transferred

Reconciliation in RDP houses not yet transferred		
Debtors on RDP houses not yet transferred	146 883 483	146 883 483
Impairment on debtors on RDP houses not yet transferred	(146 883 483)	(146 883 483)
	-	-

55. Reconciliations of traffic fines

Fines	67 282 071	28 969 144
Impairment	(60 414 068)	(24 088 915)
	6 868 003	**4 880 229**

56. Unaccounted water and electricity

Distribution loss amounts		
Electricity	29 754 908	17 509 431
Water	10 878 359	11 340 239
	40 633 267	**28 849 670**
Distribution loss percentage		
Electricity	19	14
Water	20	24
	39	**38**

Distribution losses for electricity is reported after taking into account acceptable network losses of 5.2% (R7 796 804) and own use of 1.84% (R2 560760).

Distribution losses for water is reported after taking into account acceptable network losses of 5.5% (R2 923 546) and own use of 0.56% (R211 572)

57. Budget differences

Material differences between budget and actual amounts

57. Budget differences (continued)

Explanations for variances between budget and actuals:

Statement of Financial Performance
1. Service charges - Variance is due to an over estimation of service charges
2. Licences and permits - Increased demand in the number of applications for licences and permits received and awarded.
3. Administration and management fees received - Lower than anticipated connection and disconnection fees received.
4. Insurance recoveries - The figure increased as in some instances of insurance claims, the insurer opted to pay the sum equal to the losses claimed for rather than replace or repair the damaged/lost assets.
5. Interest received - The interest recieved decreased as a result of less money invested into call accounts as Cogta stopped some MIG transfers to the municipality due to under spending.
6. Personnel - The over expenditure on employee costs is as a result of high number of hours on overtime and extended acting allowances on some executive manager posts.
7. Depreciation and amortisation - Depreciation is due to additions on infrastructure projects.
8. Debt impairment - The variance is due to lower than anticipated debtor's collection rate.
9. Repairs and mainenance - The variance is due to reduced maintenance taking place as a result of cash constraints and sourcing of goods and services at a reduced rates.
10. Bulk purchases - The variance is due to Eskom increased winter tariffs and the higher than expected consumption of electricity.
11. General expenses - The variance is due to higher than anticipated costs on security services.

Statement of Financial Position
12. Inventories - Variance is due to increased demand due to structural changes.
13. Receivables from exchange transactions - The variance is due to the reduction in the debt disclosed as owed by the debt collectors after reconciling the amount paid as commission to the amount actually collected for the 2014/15 year.
14. Receivables from non-exchange transactions - The variance is due to Sedibeng timeously transferring funds for health services.
15. Consumer debtors - The variance is due to an increase in the tariffs and lower than expected debtors collection.
16. Cash and cash equivalents - The variance is due to ring fenced grant funds in the call accounts for projects which were completed in June and paid for in July and some unspent grant funds of which rollovers have been requested for use in 2016/17,
17. Investment property - The variance is due to depreciation.
18. Property, plant and equipment - The variance is due to depreciation.
19. Intangible assets - The variance is due to depreciation.
20. Payables from exchange transactions - The variance is due to creditors at year end being higher than anticipated as the municipality experienced cash constraints.
21. VAT payable - Variance is due to service providers which were not VAT vendors.
22. Consumer deposits - Variance is due to an increase in new consumer accounts.
23. Unspent conditional grants - Variance is due to delayed start to grant funded projects.
24. Variance is due to employee benefits erroneously over budgeted for.
25. Employee benefit obligation - Implementation of GRAP 25.

Lesedi Local Municipality
Appendix A
June 2016

Schedule of external loans as at 30 June 2016

	Loan Number	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
			Rand	Rand	Rand	Rand
Development Bank of South Africa						
R13 Rat Elec - 9.45% Fixed	102187	15 years	2 832 946	-	369 812	2 463 134
R14 Electrical Upgrade - 9.59% Fixed	102986_1	20 years	17 309 184	-	711 518	16 597 666
R15 Electrical Upgrade - 5.00% Fixed	102986_2	20 years	10 568 666	-	593 252	9 975 414
R16 Vehicle - 11.87% Fixed	6100956	12 years	4 963 778	-	105 311	4 858 467
R17 Infrastructure - 6.75% Fixed	6100955	20 years	2 916 412	-	116 898	2 799 514
R18 Other - 14.24% Fixed	6100954	20 years	2 926 172	-	287 512	2 638 660
R19 Electrical Infrastructure - 12%	61006830	20 years	7 383 340	-	154 285	7 229 055
R20 Electrical Upgrade - 6.75%	61006831	20 years	11 845 636	-	407 022	11 438 614
R21 Roads and Stormwater - 11.65%	61006809	12 years	4 302 163	-	317 621	3 984 542
			65 048 297	**-**	**3 063 231**	**61 985 066**
Total external loans						
Loan Stock			-	-	-	-
Structured loans			-	-	-	-
Funding facility			-	-	-	-
Development Bank of South Africa			65 048 297	-	3 063 231	61 985 066
Bonds			-	-	-	-
Other loans			-	-	-	-
Lease liability			-	-	-	-
Annuity loans			-	-	-	-
Government loans			-	-	-	-
			65 048 297	**-**	**3 063 231**	**61 985 066**

ANNEXURE B

REPORT OF THE AUDITOR GENERAL
2015/16 FY

Report of the auditor-general to the Gauteng Provincial Legislature and the council on the Lesedi Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Lesedi Local Municipality set out on pages x to x, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 10 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lesedi Local Municipality as at 30 June 2016 and its financial performance and cash flow for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. As disclosed in note 42 to the financial statements, the municipality is the defendant in a number of legal cases. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 44 to the financial statements, the corresponding figures for June 2015 have been restated as a result of errors discovered in the financial statements of Lesedi Local Municipality during the year ended 30 June 2016.

Material losses

10. As disclosed in note 56 to the financial statements, material losses amounting to R29 754 908 (2014-15: R17 509 431) were incurred as a result of electricity distribution losses which represent 19% (2014-15: 14%) of total electricity purchased. The total technical losses of electricity amounted to R7 796 804 (2014-15: R6 467 545). Non-technical losses amounted to R21 958 104 (2014-15: R11 041 886) and are due to unauthorised consumption, tampering and faulty meters.

Material impairments

11. As disclosed in note 11 to the financial statements, material impairments to the amount of R362 519 301 (2014-15: R317 386 224) representing 80% (2014-15: 85%) of consumer debtors were incurred, as the recoverability of these amounts is doubtful.

Additional matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2016:

 - Objective 2: Basic service delivery on pages x to x
 - Objective 3: Local economic development on pages x to x
 - Objective 4: Financial viability and financial management on pages x to x

16. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings in respect of the selected objectives are as follows:

Objective 2: basic service delivery

Usefulness of reported performance information

19. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), requires the integrated development plan (IDP) and the service delivery budget implementation plan (SDBIP) to form the basis for the annual report, therefore requiring consistency of indicators and targets between planning and reporting documents. Important reported indicators and targets were not consistent with those in the approved IDP and SDBIP.

20. The FMPPI requires that performance indicators and targets should be specific in clearly identifying the nature and required level of performance and measurable. Important targets were not specific and measurable.

21. The FMPPI requires that performance indicators and targets should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.

Reliability of reported performance information

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not reliable when compared to the source information or evidence provided.

Objective 3: local economic development

Usefulness of reported performance information

23. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), requires the integrated development plan (IDP) and the service delivery budget implementation plan (SDBIP) to form the basis for the annual report, therefore requiring consistency of indicators and targets between planning and reporting documents. Important reported indicators and targets were not consistent with those in the approved IDP and SDBIP.

Reliability of reported performance information

24. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not reliable when compared to the source information or evidence provided.

Objective 4: financial viability and financial management

Usefulness of reported performance information

25. Section 41(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), requires the integrated development plan (IDP) and the service delivery budget implementation plan (SDBIP) to form the basis for the annual report, therefore requiring consistency of indicators and targets between planning and reporting documents. Important reported indicators and targets were not consistent with those in the approved IDP and SDBIP.

26. The FMPPI requires that performance indicators and targets should be specific in clearly identifying the nature and required level of performance and measurable. Important targets were not specific and measurable.

27. The FMPPI requires that performance indicators and targets should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.

28. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. Important indicators were not verifiable.

Reliability of reported performance information

29. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not reliable when compared to the source information or evidence provided.

Additional matter

30. I draw attention to the following matter:

Achievement of planned targets

31. Refer to the annual performance report on page(s) x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programme reported in paragraphs 19 to 29 of this report.

Compliance with legislation

32. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of consumer deposits, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

34. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by the Supply Chain Management (SCM) regulation 17(a) & (c).

35. The preference point system was not applied in identified procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1) (a).

36. The performance of contractors or providers were not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Expenditure management

37. Reasonable steps were not taken to prevent and detect unauthorised expenditure, fruitless and wasteful expenditure and irregular expenditure as required by section 62(1)(d) of the MFMA.

38. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

39. The performance of contractors or providers were not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Consequence management

40. Unauthorised expenditure incurred by the municipality in the prior year was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Internal control

41. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

42. The accounting officer did not adequately perform oversight responsibility over financial and non-financial reporting resulting in material amendments to the financial statements and non-compliance with the MFMA and SCM legislation.

43. The action plan developed to address audit findings was not fully monitored and implemented on procurement and contract management and financial and performance reporting by the appropriate level of management.

Financial and performance management

44. Management did not have effective monitoring controls in place to ensure that the financial statements and performance reports were supported by complete, relevant and accurate information.

45. Management did not effectively monitor compliance with procurement and contract management as required by the MFMA.

Governance

46. The risk management unit and internal audit unit were not effective during the year. Adequate risk assessments were not conducted and regular and timely internal audits were not performed. As a result, there were significant control deficiencies relating to preparation of financial and performance reports and compliance with legislation.

Auditor - General

Johannesburg

30 November 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE C

ANNUAL PERFORMANCE REPORT
2015/16 FY



ANNUAL PERFORMANCE REPORT

LESEDI LOCAL MUNICIPLITY

2015/2016 FINANCIAL YEAR

CONTENTS

1. PURPOSE 3
2. LEGAL MANDATE 3
3. REPORT OF THE EXECUTIVE MAYOR 4
4. STRATEGIC OBJECTIVES OF THE MUNICIPALITY AS PER THE IDP 5
5. TOP LEVEL SDBIP MID-YEAR REVIEW 7
6. APPROVAL 90

1. PURPOSE

To inform Council of progress made in the implementation of the budget and the performance outcomes in respect of the Annual Performance Report of the 2015/16 financial year.

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2015/16 financial year.
The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each National Key Performance Area has been aligned to outcome 9 and the key focus areas of the Municipality.

This report will also endeavor to report to Council the Municipality's performance in terms of the six National Government's Strategic key Performance Areas for local government, which are

- **NKPA 1:** Municipal Transformation and Institutional Development;
- **NKPA 2:** Basic Service Delivery;
- **NKPA 3:** Local Economic Development;
- **NKPA 4:** Municipal Financial Viability and Management;
- **NKPA5:** Good Governance and Public Participation and
- **NKPA6:** Cross Cutting Issues.

2. LEGAL MANDATE

In terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003): The accounting officer of a municipality must by 25 January of each year –

a) assess the performance of the municipality during the first half of the financial year, taking into account –
 - the monthly statements referred to in section 71 for the first half of the financial year;
 - the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - the past year's annual report, and progress on resolving problems identified in the annual report; and
 - the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

b) submit a report on such assessment to –
 - the mayor of the municipality
 - the National Treasury; and
 - the relevant Provincial Treasury.

The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

The accounting officer must, as part of the review –

a) make recommendations as to whether an adjustments budget is necessary; and
b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Thereafter, the mayor must, in terms of Section 54(1):

a) Consider the report;
b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
d) Issue any appropriate instructions to the accounting officer to ensure-
 - That the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - That spending of funds and revenue collection proceed in accordance with the budget;
e) Identify any financial problems facing the municipality,
f) including any emerging or impending financial problems; and
g) Submit the report to the council by 31 January of each year.

3. REPORT OF THE EXECUTIVE MAYOR

A report assessing the Municipality on the financial performance for the period ending 31 December 2015 which has been submitted to the Executive Mayoral Committee and Council as a separate item is attached to this report as **Annexure A**.

4. STRATEGIC OBJECTIVES OF THE MUNICIPALITY AS PER THE IDP

Index	NKPA	Growth & Dev Strategy	IDP Ref.	Strategic Objectives	Outcome 9 Output
A	Municipal Transformation and Organisation Development	**RELEASE** Human potential from low to high skills	A1	Continuously create a conducive environment through the implementation of organisational values and corporate governance principles for the efficient and effective delivery of quality services in fulfilment of the municipal legislative mandate.	Ongoing transformation and development.
			A2	Empowering employees through focused and continuous professional/ skills development.	
			A3	To ensure effective implementation of performance management.	
B	Basic Service Delivery	**RENEW** Our communities from low to high quality of life	B1	To improve access to sustainable basic services.	Improved access to basic services
			B2	To ensure that services are progressively expanded and maintained in all communities through proper planning.	
			B3	To promote sustainable and resilient infrastructure development and land use.	
C	Local Economic Development	**REINVENT** The economic from old to a new	C1	To facilitate growth and development of the local economy, through, amongst other things, partnerships with the private sector in order to generate opportunities for sustainable job creation and poverty reduction for the communities.	Improved quality of life through the implementation of LED programmes.
D	Financial Viability and Management	**RELEASE** Human potential from low to high skills	D1	To manage municipal financial resources in order to ensure financial viability and sustainability of the municipality, and the alignment of the budget with the IDP and SDBIP.	Improved Municipal Financial and Administrative Capability
			D2	Sound financial management systems.	
E	Good governance and Public participation	**RE INTERGRATE** With Gauteng and our neighbours to move from an edge to a frontier region	E1	To instil good governance principles in all municipal operations including structures to manage risk, prevent fraud and corruption by strengthening compliance, accountability and public participation.	Improved good decision-making processes and public participation.
			E2	To foster effective and efficient Inter-Governmental Relations (IGR).	

Index	NKPA	Growth & Dev Strategy	IDP Ref.	Strategic Objectives	Outcome 9 Output
F	Cross Cutting Issues	**REVIVE** The environment from waste dumps to a green region	F1	To promote a healthy and safe environment which supports and creates an environmentally educated society.	Safe environmen t and educated society.

5. ANNUAL PERFOMANCE REPORT



MUNICIPAL MANAGER'S OFFICE – ANNUAL PERFORMANCE SCORECARD

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 1: Municipal transformation and institutional development	A1	Participate in customer satisfaction survey.	Rating level of service satisfaction by external clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	0	3/5	N/A	N/A
		Participate in customer satisfaction survey.	Rating level of service satisfaction by internal clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	4/5	1/5	N/A	N/A
	A3	Implementation of key steps outlined in the Performance Management Policy.	% compliance with the Performance Management Policy. **[Maximum Threshold]**	100%	40%	(60%)	100%	50%	(50%)	Limited resources were available due to intense AG Audit process.	Monthly consolidation of performance reports will be conducted going forward.
		Develop/review the performance contract of section 57	Number of section 56/7 performance contracts signed. **[Maximum Threshold]**	5	4	1	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		managers and ensure that they sign the performance agreements.									
NKPA 2: Basic Service Delivery	B1	Conduct mass indigent registration, improve communication on indigents, and conduct educational campaigns on indigents.	Number of indigent households receiving free basic electricity. **[Incremental]**	1250	4331	3081	1250	4186	2936	N/A	N/A
		Manage service delivery backlog.	% average access to service delivery key focus areas. **[Minimum Threshold]**	96%	96%	0	96%	96%	0	N/A	N/A
NKPA3 : Local Economic Development	C1	To monitor progress towards achieving the desired output in the LED strategy.	The number of LED projects facilitated as per LED dashboard. **[Cumulative]**	2	2	0	5	5	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		To monitor the implementation of Enterprise Development Policy.	Number of emerging enterprises developed. **[Cumulative]**	10	12	2	25	26	1	N/A	N/A
		To facilitate the development of the spatial plan.	Spatial Development Plan. **[Maximum Threshold]**	N/A	100%	0	N/A	100%	0	N/A	N/A
NKPA 4: Financial Viability and Management	D1	Monitoring of expenditure.	% of projected budget vs. actual expenditure **[Cumulative]**	10%	25%	(15%)	35%	37%	(2%)	Over expenditure is still within range	Expenditure to be monitored and adhered to targets
		Monitor the usage of MIG funds.	% of MIG funding spent on projects within the allocated budget. **[Cumulative]**	10%	3%	(7%)	35%	25%	(10%)	Procurement challenges which led to late start of project implementation	Procurement to be initiated in advance and expedited
		Develop and implement of the Revenue Enhancement Strategy.	% implementation of activities in the Revenue Enhancement Strategy.	N/A	N/A	N/A	10%	10%	0	The strategy is still in draft format	Strategy to be approved and implementation to be monitored.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			[Cumulative]								
NKPA5: Good Governance & Public Participation	E1	Implementation of the Audit Committee resolutions.	% of performance audit committee resolution implemented. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A
		Regular monitoring the implementation of matters arising pending list.	% of Council resolutions implemented, including that of its committees and sub-committees. **[Minimum Threshold]**	90%	90%	0	90%	90%	0	N/A	N/A
		Submission of the Annual Report to Council.	Annual Report. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Review and submit the SDBIP to the Mayor for approval.	Number of SDBIP reviews conducted. **[Maximum Threshold]**	1	1	0	N/A	N/A	N/A	N/A	N/A
		Review and submission of	Number of IDP reviews	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		the IDP.	conducted. **[Maximum Threshold]**								
		Monitoring the implementation of audit action plans identified by Auditor General (AG).	% implementation of AG audit action plans. **[Minimum Threshold]**	N/A	80%	0	N/A	N/A	0	N/A	N/A
		Monitoring the implementation of internal audit action plans.	% implementation of internal audit action plan. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Monitoring the implementation of strategic risk action plans.	% implementation of strategic risk action plans. **[Minimum Threshold]**	N/A	N/A	N/A	80%	0%	(80%)	Strategic risk session was not held due to logistical challenges	Strategic risk session to be held and progress on mitigation to be monitored on monthly basis
NKPA6: Cross Cutting Issues	F1	Maintenance of municipal properties.	% reduction in maintenance backlog.	3%	3%	(0%)	7%	7	(0%)	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			[Incremental]								

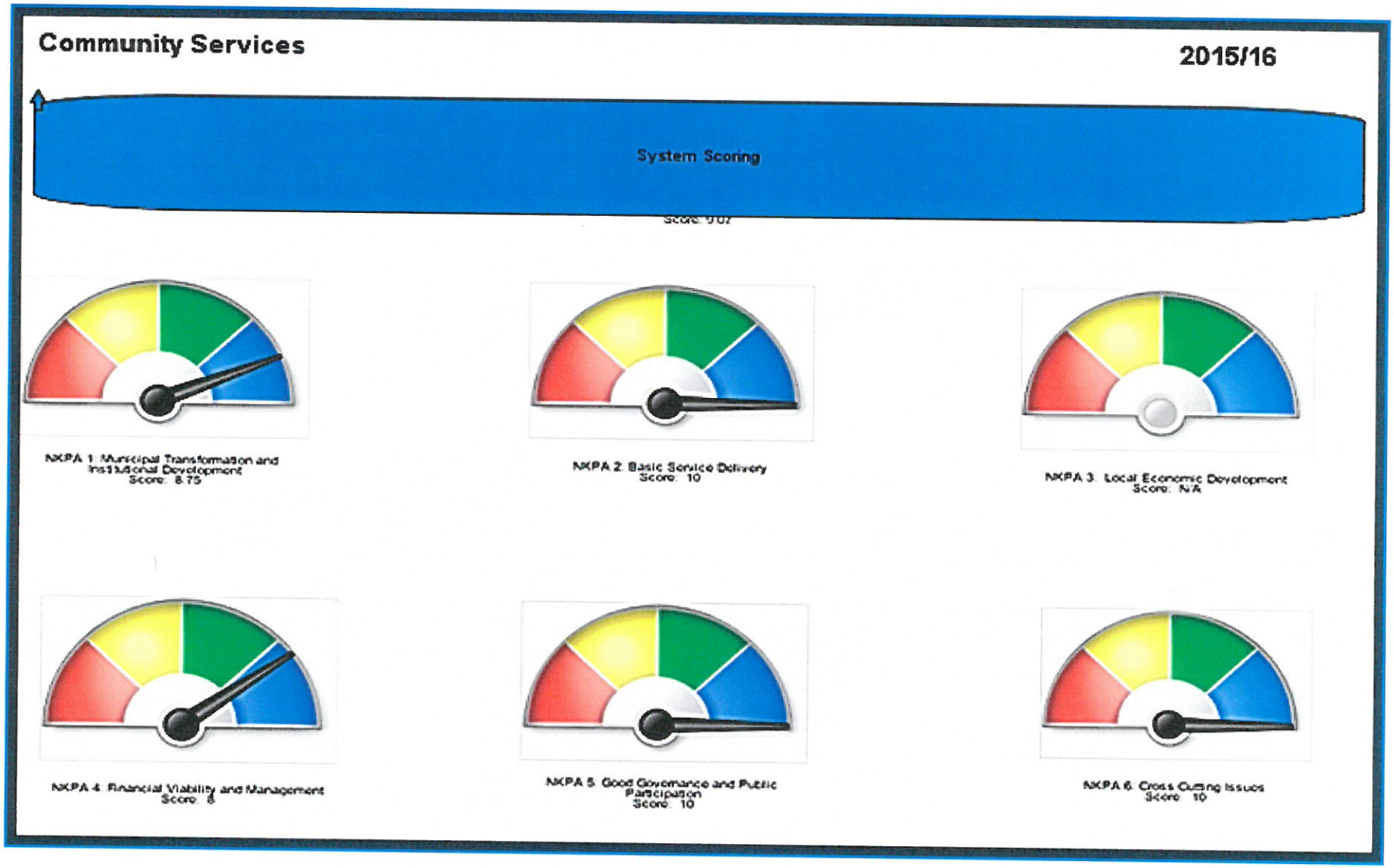
Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q1 Variance to the Target	Q4 Target	Q4 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 1: **Municipal transformation and institutional development**	**A3**	Review and approve performance contract of section 57 managers and ensure that they sign the performance agreements.	% of Section 57 Managers with signed performance agreements by 30 June 2015 (# of managers with signed performance agreements/# of managers appointed)	100%	100%	0	100%	100%	0	N/A	N/A
		Management of Section 57 officials performance	Quarterly performance appraisals for Section 57 Managers	1	0	(1)	1	0	(1)	Appraisals could not happen due to technical problems on the automated system	Contract management to bel applied on the automated system service provider
NKPA 2: **Basic Service**	**B1**	Conduct mass indigent	Number of indigent households with	1500	4135	2635	1500	4376	2876	N/A	N/A

Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q1 Variance to the Target	Q4 Target	Q4 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
Delivery		registration, improve communication on indigents, and conduct educational campaigns on indigents.	access to free basic services.								
NKPA 4: **Financial Viability and Management**	**D1**	Monitoring of expenditure.	% of actual expenditure versus budget expenditure for the year as per approved budget on Office of the MM (not to exceed 100%)	80%	86%	6%	80%	98%	18%	N/A	N/A
		Development of the Revenue Enhancement Strategy.	Approved Revenue Enhancement Strategy by 30 June 2016.	1	0	(1)	N/A	N/A	N/A	Strategy not concluded due to contractual disagreements with the service provider	Contractual disagreements to be negotiated and strategy to be concluded

Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q1 Variance to the Target	Q4 Target	Q4 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA5: **Good Governance & Public Participation**	**E1**	Attendance of the audit committee meetings	Minimum number of audit committee meetings held	1	1	0	1	1	0	N/A	N/A
		Performance and risk committee meeting	Number of performance and risk committee meetings conducted	3	0	(3)	3	0	(3)	Meetings not held regularly due to stretched resources.	Regular meeting to be held in the next financial year and minutes to be kept
			Approval of the Internal audit plan, Audit committee charter and Internal Audit Charter by the Audit and Performance committee by 30 June 2016	1	1	0	N/A	N/A	N/A	N/A	N/A

Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q1 Variance to the Target	Q4 Target	Q4 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			Submission of quarterly risk assessment report to audit committee	1	1	0	1	0	(1)	Report not submitted due to tight schedule	Preparations of reports to be done upfront
NKPA5: **Good Governance & Public Participation**	**E1**	Submission of the Annual Report to Council.	Approved Annual Report by 25 January of every year	N/A	N/A	N/A	1	1	0		
		Review and submit the SDBIP to the Mayor for approval.	Reviewed and approved SDBIP by Mayoral committee by 28 February every year	1	1	0	N/A	N/A	N/A		
		Review and submission of the IDP.	Approved and reviewed IDP by 30 May of every year	N/A	N/A	N/A	1	1	0	N/A	N/A
		Monitoring the implementation of audit action plans identified by Auditor General (AG).	Number of meetings conducted by the SMT to follow up on the AG action plans	3	0	(3)	3	0	(3)	Meetings not held regularly due to stretched resources.	Regular meeting to be held in the next financial year and minutes to be kept

Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q1 Variance to the Target	Q4 Target	Q4 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA5: **Good Governance & Public Participation**	**E2**	To foster effective and efficient Inter-Governmental Relations (IGR).	Number of IGR meetings facilitated	1	1	0	1	1	0	N/A	N/A


Community Services
2015/16
System Scoring
NKPA 1: Municipal Transformation and Institutional Development
Score: 8.75
NKPA 2: Basic Service Delivery
Score: 10
NKPA 3: Local Economic Development
Score: N/A
NKPA 4: Financial Viability and Management
Score: 8
NKPA 5: Good Governance and Public Participation
Score: 10
NKPA 6: Cross Cutting Issues
Score: 10

COMMUNITY SERVISES DEPARTMENT – ANNUAL PERFORMANCE SCORECARD

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 1: Municipal transformation and institutional development	A1	Participate in customer satisfaction survey.	Rating level of service satisfaction by external clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
		Participate in customer satisfaction survey.	Rating level of service satisfaction by internal clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
		To conduct service delivery awareness campaigns (billing, electricity water, sanitation, roads, waste, etc.	Number of integrated awareness campaigns conducted. **[Incremental]**	1	0	(1)	1	0	(1)	There was no proper planning for the integrated campaigns.	The Department will ensure integrated planning in all future Awareness campaigns.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Provision of services (Community halls, cemeteries and sports facilities).	% of service requests attended to in accordance with the norms and standards. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A
	A3	Implementation of key steps outlined in the Performance Management Policy.	% compliance with the Performance Management Policy. **[Maximum Threshold]**	100%	60%	(40%)	100%	50%	(50%)	Late submission of Performance Compliance report	Performance Management system will be updated regularly
NKPA 2: Basic Service Delivery	B1	Implementation of sports, recreation, arts, heritage and culture programmes.	Number of heritage arts and culture programmes implemented. **[Incremental]**	1	3	2	1	2	1	N/A	N/A
		Implementation of library programmes.	Number of library outreach programmes implemented. **[Incremental]**	2	3	1	2	2	0	N/A	N/A
		Implementation of elderly, disabled and	Number of elderly, disabled and	2	3	1	2	2	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		environmental health support programmes.	environmental health support programmes implemented. **[Incremental]**								
		Implementation of traffic law enforcement, fire and rescue services.	% of traffic law enforcement, fire and rescue services responded to. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A
		Implementation of Early Childhood Development Strategy.	Number of activities implemented in accordance with a plan of action. **[Cumulative]**	10%	10%	0	30%	30%	0	N/A	N/A
NKPA3: Local Economic Development	C1	Creation of jobs through Extended Public Work Programmes (EPWP) environment stream.	Number of jobs created through EPWP. **[Maximum Threshold]**	15	15	0	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 4: Financial Viability and Management	D1	Monitoring of expenditure.	% of OPEX spent within the allocated budget. **[Cumulative]**	5%	5%	0	25%	25%	0	N/A	N/A
		Monitoring of expenditure.	% of CAPEX spent within the allocated budget. **[Cumulative]**	5%	**5%**	0	25%	**100%**	75%	N/A	N/A
		Ensure compliance with SCM procedures.	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). **[Cumulative]**	2	2	0	4	4	0	N/A	N/A
		Ensure compliance with SCM procedures.	Reduction in SCM variations against CAPEX. **[Maximum Threshold]**	0	0	0	0	0	0	N/A	N/A
		Submission of budget inputs.	Number of budget inputs submitted. **[Incremental]**	N/A	N/A	N/A	1	1	0	N/A	N/A
NKPA5: Good Governance & Public	E1	Implementation of audit action plans identified	% implementation of AG audit action plans. **[Minimum**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
Participation		by Auditor General (AG).	**Threshold]**								
		Implementation of internal audit action plans.	% implementation of internal audit action plan. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of strategic risk action plans.	% implementation of strategic risk action plans. **[Minimum Threshold]**	N/A	N/A	N/A	80%	80%	(0)	N/A	N/A
NKPA6: Cross Cutting Issues	F1	Implementation of HIV/AIDS programmes.	Number of community based awareness campaigns facilitated. **[Incremental]**	1	0	(1)	1	0	(1)	N/A	N/A
		Conduct road safety campaigns.	Number of road safety campaigns conducted jointly with SAPS and Province. **[Incremental]**	1	1	0	1	9	8	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		To conduct environmental health inspections.	Number of health inspections conducted. **[Incremental]**	1500	1500	0	1500	1500	0	N/A	N/A

National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the Target	Q4 Target	Q4 Actual	Q4 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 2: **Basic Service Delivery**	**B1**	upgrading of cemeteries at Ekuphumuleni and Kwazenzele	% completion on the upgrading of cemeteries as per the project specification-(cumulative)	75%	100%	25%	25%	25%	0		
		Monitoring the implementation of the maintenance plan	Number of quarterly maintenance reports of community facilities produced	1	1	0	1	1	0		
		To provide and enhance traffic safety and law-enforcement services	Number of joint Road Blocks conducted(either with SAPS and National and/or Provincial traffic departments)	3	2	1	3	2	1	Community protests SOMA event (Relevant officials were deployed)	
			Number of Speed law enforcement operation conducted	60	`598	538	60	515	455		

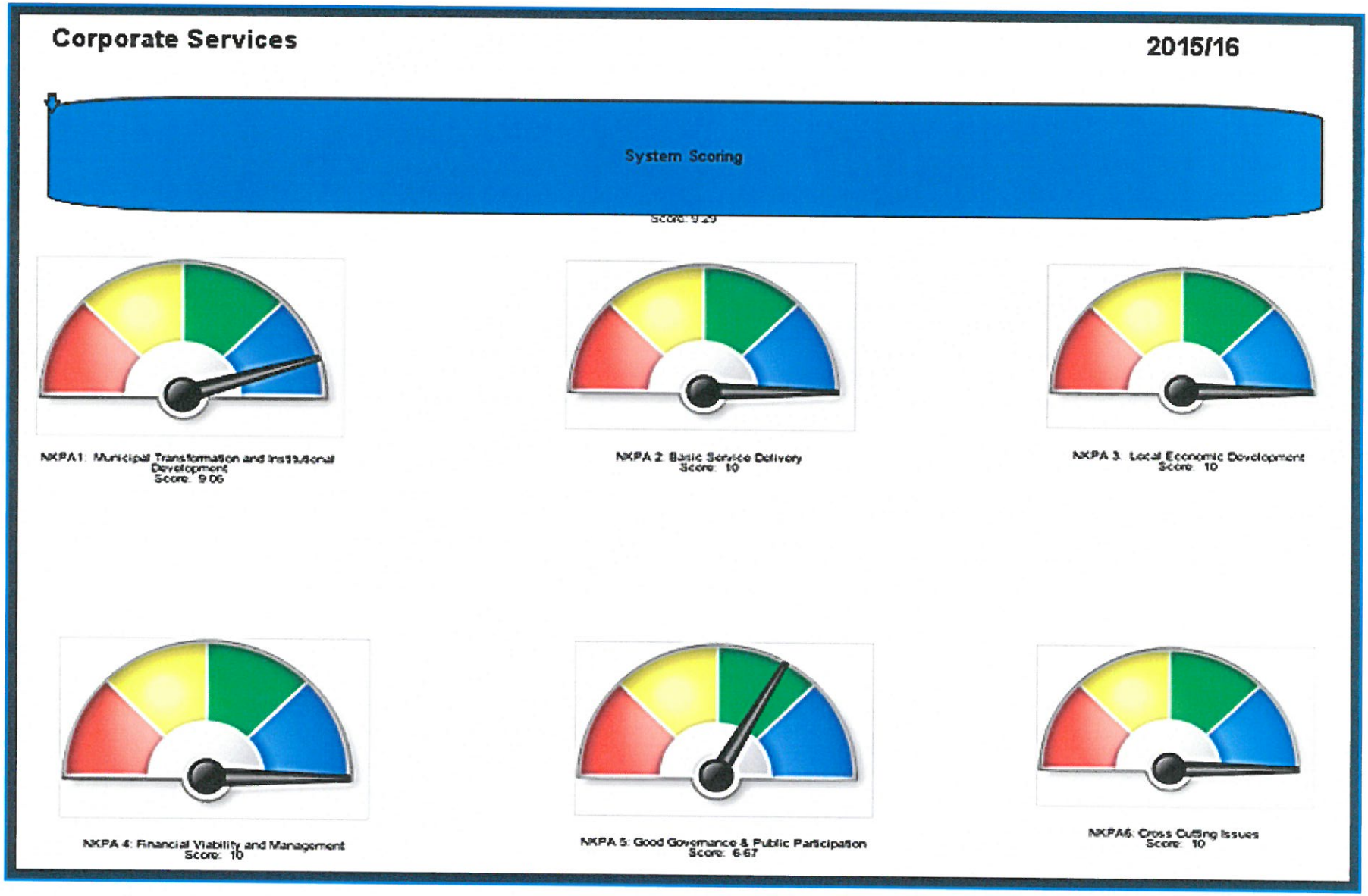
National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the Target	Q4 Target	Q4 Actual	Q4 Variance to the Target	Reason for non-achievement	Corrective Measure
			Number of joint operations with various parties for policing purpose	4	4	0	3	3	0		
		To respond to fire calls	% of fire calls received and responded to within norms and standards	100%	100%	0	100%	100 %			
		To respond to rescue calls	% of rescue calls received and attended to within norms and standards	100%	100%	0	100%	100%			
		Servicing of fire hydrants	Number of fire hydrants inspected	29	31	3	50	165			
		Conduct food safety inspections at food premises	Number of food businesses inspected as planned	500	821		500	1108			

National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the Target	Q4 Target	Q4 Actual	Q4 Variance to the Target	Reason for non-achievement	Corrective Measure
			Number of food samples analysed in line with National norms and standards	5	11	6	5	12			
			Review blue drop management plan by 30 June 2016	0	1		1	1			
		Implement Blue drop water sampling plan as per SANS 241	Number of Water samples taken	66	68	2	66	117			
		Facilitate on the upgrading of Early Childhood Development Centers to ensure that the centres are in complaint in order to receive	Number of ECD centres supported by means of infrastructure upgrades	12	12	0	11	11			

National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the Target	Q4 Target	Q4 Actual	Q4 Variance to the Target	Reason for non-achievement	Corrective Measure
		subsidy									
			Number of compliance inspections conducted on ECD centres	5	5	0	NA	NA			
		Provision of Training	Number of ECD Practitioners trained for SMART start" training	0	0		80	0	80	Financial constraints by LLM	
			Number of ECD Practitioners trained for basic ECDs training	0	0		20	0	20	Financial constraints by LLM	

National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the Target	Q4 Target	Q4 Actual	Q4 Variance to the Target	Reason for non-achievement	Corrective Measure
			Number of ECD Practitioners trained for Growth monitoring training	0	0		39	39	0	Unrealistic Target was set	
NKPA 4: **Financial Viability and Management**	**D1**	Monitoring of community services expenditure.	% of actual expenditure versus budget expenditure for the year as per the approved budget for community services (not to exceed 100%)- (cumulative)	50%	85 %	35%	85%	95%	10%		
NKPA5: **Good Governance & Public Participation**	**E1**	To hold Local Aids Council	Number of Local Aids council meetings held	1	1	0	1	1	0		
		To hold Community Safety Forum	Number of Community safety forum meetings held	3	3	0	3	3	0		

National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the Target	Q4 Target	Q4 Actual	Q4 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA6: **Cross Cutting Issues**	**F1**	Implementation of HIV/AIDS programmes.	Number of community based HIV AND AIDS awareness campaigns facilitated.	2	10	8	2	6	2		


Corporate Services
2015/16
System Scoring
NKPA1: Municipal Transformation and Institutional Development
Score: 9.06
NKPA 2: Basic Service Delivery
Score: 10
NKPA 3: Local Economic Development
Score: 10
NKPA 4: Financial Viability and Management
Score: 10
NKPA 5: Good Governance & Public Participation
Score: 6.67
NKPA6: Cross Cutting Issues
Score: 10

CORPORATE SERVISES DEPARTMENT – ANNUAL PERFORMANCE SCORECARD

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA1: Municipal transformation and institutional development	A1	Participate in customer satisfaction survey.	Rating level of service satisfaction by external clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
		Participate in customer satisfaction survey.	Rating level of service satisfaction by internal clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
		Conduct customer satisfaction survey.	Number of surveys conducted. **[Incremental]**	N/A	N/A	N/A	1	1	0		
		Develop a Customer Relationship Management (CRM) Strategy.	Customer Relationship Management Strategy. **[Maximum Threshold]**	N/A	N/A	N/A	1	1	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Implementation of the CRM Plan.	% implementation of activities outlined in the CRM plan. **[Cumulative]**	N/A	N/A	N/A	20%	20%	0	N/A	N/A
		To fill vacant positions within a reasonable time.	Average number of days taken to finalise appointments. **[Maximum Threshold]**	60 days	60 days	0	60 days	60 days	0	N/A	N/A
		To conduct service delivery awareness campaigns (billing, electricity water, sanitation, roads, waste, etc.	Number of integrated awareness campaigns conducted. **[Incremental]**	1	0	1	1	0	1	There was no proper planning for the integrated campaigns.	The Department will ensure integrated planning in all future Awareness campaigns.
		Implementation of the ICT Master Systems Plan.	% implementation of the activities outlined in the	25%	25%	0	50%	50%	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			ICT Master Systems Plan. **[Cumulative]**								
	A2	Implement Workplace Skills Plan (WSP) as aligned to HRD strategy to improve proficiency levels of employees.	Number of employees trained according to WSP. **[Maximum Threshold]**	322	322	0	N/A	N/A	N/A	N/A	N/A
	A3	Implementation of key steps outlined in the Performance Management Policy.	% compliance with the Performance Management Policy. **[Maximum Threshold]**	100%	60%	(40%)	100%	50%	(50%)	Late submission of Performance Compliance report	Performance Management system will be updated regularly
NKPA 2: Basic Service Delivery	B1	Implementation of key steps outlined in the Fleet and Fuel Management policy.	% compliance with Fleet and Fuel Management policy. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Implementation of key steps outlined in Security Management policy.	% compliance Security Management policy. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A
NKPA 3: Local Economic Development	C1	Review of the Human Resource Development (HRD) Strategy.	Human Resource Development Strategy. **[Maximum Threshold]**	N/A	N/A	N/A	1	**1**	0	N/A	N/A
		Implementation of the Human Resource Development Strategy	Number of employees that are developed as per the HRD strategy. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Assist indigent students with registration fees	Number of students who have been assisted financially. **[Maximum Threshold]**	18	18	0	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Identification of learners and unemployed graduates to assist them in gaining the necessary skills and experience.	Number of learnership and internships opportunities created. **[Maximum Threshold]**	68	68	0	N/A	N/A	N/A	N/A	N/A
NKPA 4: Financial Viability and Management	D1	Monitoring of expenditure.	% of OPEX spent within the allocated budget. **[Cumulative]**	5%	5%	0	25%	25%	0	N/A	N/A
		Monitoring of expenditure.	% of CAPEX spent within the allocated budget. **[Cumulative]**	5%	5%	0	25%	25%	0	N/A	N/A
		Ensure compliance with SCM procedures.	Maintain the number of deviations to an acceptable level (annual deviations should not	2	2	0	4	4	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			exceed 10). **[Cumulative]**								
		Ensure compliance with SCM procedures.	Reduction in SCM variations against CAPEX. **[Maximum Threshold]**	0	2	2	0	2	2	This was due to unplanned travelling and accommodation of councillors	Have an approved travelling plan in place
		Efficient and effective management of rental stock.	% increase in income generated vs maintenance cost schedule. **[Cumulative]**	10%	10%	0	30%	30%	0	N/A	N/A
NKPA 5: Good Governance & Public Participation	E1	Conduct disciplinary hearings.	Average number days taken to finalise disciplinary cases. **[Maximum Threshold]**	90 days	90 days	0	90 days	90 days	0	N/A	N/A
		Implementation of audit action plans identified by Auditor	% implementation of AG audit action plans.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		General (AG).	**[Minimum Threshold]**								
		Implementation of internal audit action plans.	% implementation of internal audit action plan. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of strategic risk action plans.	% implementation of strategic risk action plans. **[Minimum Threshold]**	N/A	N/A	N/A	80%	40%	(40%)	No scheduled meetings to manage risk dashboard	Resuscitate weekly risk management meetings to monitor implementation of action plans
		Coordinate Council meetings.	Number of Council committees convened according to the approved schedule. **[Incremental]**	1	1	0	1	1	0	N/A	N/A
		Submission of policies to Management	Number of policies reviewed by	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Committee (MANCO) for review.	MANCO. **[Maximum Threshold]**								
NKPA6: Cross Cutting Issues	F1	Maintenance of municipal properties.	% reduction in maintenance backlog. **[Incremental]**	3%	3%	0	7%	7%	0	N/A	N/A

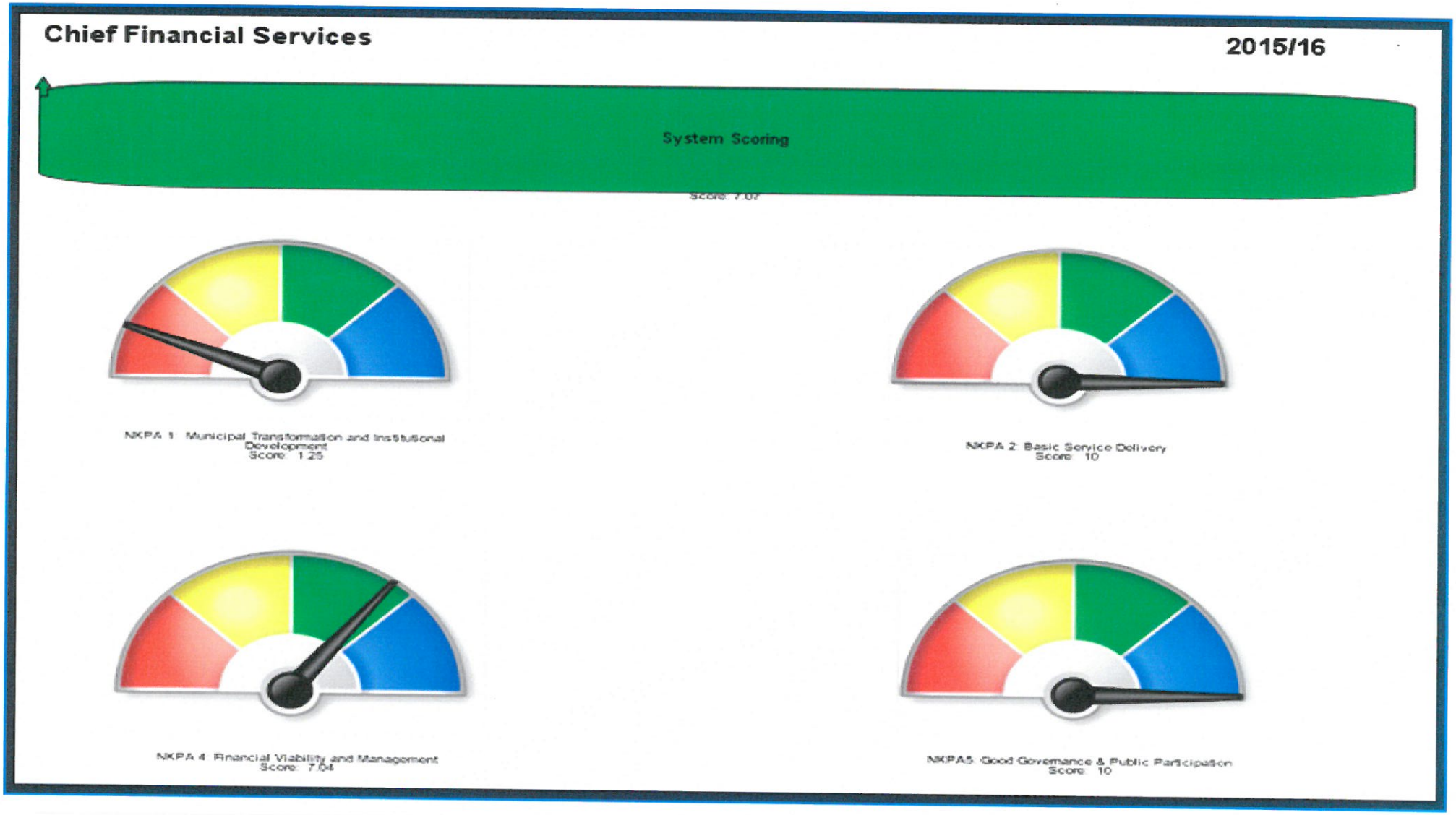
Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the Target	Q4 Target	Q24 Actual	Q4 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA1: **Municipal transformation and institutional development**	**A1**	Participate in customer satisfaction survey.	Number of customer satisfaction surveys conducted	**N/A**	N/A	N/A	**1**	1	0		

		Develop a Customer Relationship Management (CRM) Strategy.	Approved customer Relationship Management Strategy by 30 June 2016	**N/A**	N/A	N/A	**1**	1	0		
		To fill vacant positions within a reasonable time.	% of appointments made within 90 days of posts been advertised	**100%**	20%	80%	**100%**	70%	30%	Moratorium on new appointments due to financial constraints	To prioritize budgeted positions
NKPA1: **Municipal transformation and institutional development**	**A1**	Approve the ICT Master Systems Plan.	Approved and Reviewed ICT Master Systems Plan by 30 June 2016	**N/A**	N/A	N/A	**N/A**	N/A	N/A		

	A2	Implement Workplace Skills Plan (WSP) as aligned to HRD strategy to improve proficiency levels of employees.	Number of employees trained according to WSP.	**N/A**	N/A	N/A	**N/A**	N/A	N/A		
NKPA 2: **Basic Service Delivery**	**B1**	Monitoring the implementation of the maintenance plan	Number of quarterly maintenance reports for Facilities and Fleet Management units produced	**2**	1	1	**2**	2	0	Lack of resources	Department has been capacitated
NKPA 3: **Local Economic Development**	**C1**	Review of the Human Resource Development (HRD) Strategy.	Reviewed and Approved Human Resource Development Strategy by 30 June 2016	**0**	N/A	N/A	**0**	0	N/A		

		Identification of learners and unemployed graduates to assist them in gaining the necessary skills and experience.	Number of internships opportunities created.	**N/A**		N/A	N/A	N/A	N/A		
NKPA 4: **Financial Viability and Management**	**D1**	Monitoring of expenditure.	% of actual expenditure versus budget expenditure for the year as per approved budget for corporate services (not to exceed 100%)-(cumulative)	**50%**	50%	0	**80%**	80%	0		
		Efficient and effective management of rental of municipal properties.	% of rental revenue collected in relation to the rental revenue billed on municipal properties.	**90%**	90%	0%	**90%**		0%		

NKPA 5: **Good Governance & Public Participation**	**E1**	Conduct disciplinary hearings.	% of disciplinary cases finalised within 90 days of receipt of compliant against the employee.	**100%**	100%	0%	**100%**	100%	0%	No disciplinary matters reported	
		Coordinate Council meetings.	Minimum number of Council Committee meetings convened according to the MFMA.	**1**	1	0	**1**	1	0		


Chief Financial Services
2015/16
System Scoring
Score: 7.07
NKPA 1 Municipal Transformation and Institutional Development
Score: 1.25
NKPA 2: Basic Service Delivery
Score: 10
NKPA 4: Financial Viability and Management
Score: 7.04
NKPA5: Good Governance & Public Participation
Score: 10

FINANCE DEPARTMENT – ANNUAL PERFORMANCE SCORECARD

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 1: Municipal transformation and institutional development	A1	Participate in customer satisfaction survey.	Rating level of service satisfaction by external clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
		Participate in customer satisfaction survey.	Rating level of service satisfaction by internal clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
		Register all complaints on the complaints register and complete job cards for Infrastructure department	% of customer billing queries resolved in accordance with norms and standards. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		to address technical queries.									
		▪ Ensure effective and efficient BID Committees System. ▪ Training of SCM staff.	Average number of days taken to finalise SCM bids for the normal tender process. **[Maximum Threshold]**	35 days	35 days	0	35 days	30 days	5 days	N/A	N/A
		▪ Ensure effective and efficient BID Committees System. ▪ Training of SCM staff.	Average number of days taken to finalise SCM bids when procuring from the panel of preferred Bidders. **[Maximum Threshold]**	5 days	5 days	0	5 days	N/A	N/A	Procurement from panel system is no longer used	Procurement from panel system is no longer used
		Conduct service delivery awareness campaigns (Billing,	Number of integrated awareness campaigns conducted. **[Incremental]**	1	0	(1)	1	0	(1)	Lack of capacity due to AG engagement.	The service delivery campaign will be conducted in the last two quarters of the year.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		electricity, water, sanitation, roads and waste).									
	A3	Implementation of key steps outlined in the Performance Management Policy.	% compliance with the Performance Management Policy. **[Maximum Threshold]**	100%	40%	(60%)	100%	50	(50%)	N/A	Performance management information will be updated on the system and submitted timeously to Performance Monitoring and Reporting section in each quarter.
NKPA 2: Basic Service Delivery	B1	Conduct mass indigent registration, improve communication on indigents, conduct educational campaigns on indigents.	Number of indigent households receiving free basic electricity. **[Incremental]**	1250	4544	3294	1250	4186	2936	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		▪ Conduct meter audits. ▪ Replacement of leaking metres. ▪ Data cleansing. ▪ Implementation of Water Demand Management Plan. ▪ Replacement of asbestos pipes.	% reduction of water distribution losses (Annual average). **[Maximum Threshold]**	20%	22.17%	(2.17%)	20%	21%	(1%)	Cash flow challenges to implement water projects	Source funding and improve payment levels in order to implement water projects
		▪ Conduct meter audits. ▪ Implementation of automated meter reading on bulk customers.	% reduction of electricity distribution losses. (Annual average). **[Maximum Threshold]**	10%	9.22%	0.78%	10%	13%	(3%)	Theft of electricity and inability to implement time-off use tariff are the main cause of the losses	Regular meter audits and implementation of time-of-use tariff will improve the losses

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		▪ Implementation time-of-use tariffs. ▪ Implementation of data cleansing.									
NKPA 3: Local Economic Development	C1	Develop a resource requirement plan for submission to Treasury.	Number of internship opportunities created for financial services. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NKPA 4: Financial Viability and Management .	D1	Monitoring of expenditure.	% of OPEX spent within the allocated budget (For Finance Department). **[Cumulative]**	5%	23%	(18%)	25%	19.9%	(5.1%)	Cash flow constraints	Increase payment levels.
		Monitoring of expenditure.	% of CAPEX spent within the allocated budget (For Finance Department).	5%	4.5%	(0.5%)	25%	0	(25%)	Cash-flow constraints for internal projects & procurement challenges	Increase payment levels. Open tenders have been advertised to curb irregular expenditure

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			[Cumulative]								
		Ensure compliance with SCM procedures.	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). **[Cumulative]**	2	2	0	4	15	(11)	Due to the challenges experienced with the panel system, the Accounting Officer was requested to deviate from the normal procurement process in terms of Regulation 36(1) a (i), while the tendering process is underway.	Tendering process is underway.
		Ensure compliance with SCM procedures.	Reduction in SCM variations against CAPEX. **[Maximum Threshold]**	0	0	0	0	0	0	N/A	N/A
		Submission of the procurement plan.	Procurement plan reviewed. **[Maximum Threshold]**	1	1	0	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Conduct meter audits	% reduction of electricity distribution losses (annual average). **[Maximum Threshold]**	10%	9.22%	0.78%	10%	13%	(3%)	N/A	N/A
		Conduct meter audits	% reduction of water distribution losses (annual average). **[Maximum Threshold]**	20%	22.17%	(2.17%)	20%	21%	(1%)	Theft of electricity and inability to implement time-off use tariff are the main cause of the losses	Regular meter audits and implementation of time-of-use tariff will improve the losses
		Maintain capital budget register to monitor the spending of MIG.	% of MIG funding spent on projects within the allocated budget (for all departments). **[Maximum Threshold]**	100%	100%	0	100%	6.53%	(93.47%)	Cash-flow constraints for internal projects & procurement challenges	Increase payment levels. Open tenders have been advertised to curb irregular expenditure.
		▪ Implementation of the demand managemen	% reduction in irregular, wasteful and fruitless	100%	100%	0	100%	100%	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		t plan. ▪ Ensure that all the purchase orders are approved by the expenditure managemen t committee ▪ Ensure that no service provider provides works, services and products to the municipality without a purchase order.	expenditure. **[Maximum Threshold]**								
		▪ To ensure that no procuremen t is done without	% of requests signed by the budget office. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Budget office confirming the availability of funds. ▪ All requests for procurement should be signed by the budget office.									
	D2	Ensure that the contract management register is maintained.	Updated contract register. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A
		Ensure that the BID Committee system is functional.	Number of functional BID Committee per quarter. **[Maximum Threshold]**	3	3	0	3	3	0	N/A	N/A
	D1	Ensure that credit control measures are	% of revenue collected VS billed.	90%	79%	(11%)	90%	83.52%	(6.48%)	Schedule of collection rate	New tariff model implemented.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		strictly implemented.	**[Maximum Threshold]**								
		Develop of the Revenue Enhancement Strategy.	Revenue Enhancement Strategy. **[Maximum Threshold]**	N/A	N/A	N/A	1	1	(0)	N/A	N/A
		Implementation of the Revenue Enhancement Strategy.	% implementation of activities in the Revenue Enhancement Strategy. **[Incremental]**	N/A	N/A	N/A	20%	20%	(0)	N/A	N/A
		Ensure that credit control measures are strictly implemented.	Outstanding debtors to revenue ratio (%). **[Maximum Threshold]**	80%	0	(80%)	80%	N/A	(80%)	The analysis is done after year end	N/A
		Perform cost recovery ratio on monthly basis to determine available cash to cover fixed	Cost coverage ratio (days). **[Minimum Threshold]**	90	17	(73)	90	18	(72)	Cash flow constraints	Improve payment levels by fully implementing credit control measures and monitor expenditure

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		operating expenditure available cash + investments)/ monthly fixed operating expenditure)									
		Monitor budget spending on monthly basis.	% of projected budget vs. actual expenditure (For all departments) **[Incremental]**	22.5%	23%	(0.5%)	22.5%	19.9%	(2.6%)	Cash flow constraints	Improve payment levels and monitor expenditure
		Ensure that suppliers are paid within 30 days.	% of suppliers paid within 30 days from date of receipt of the invoice. **[Maximum Threshold]**	80%	0	(80%)	80%	N/A	(80%)	The analysis is done at year end.	N/A
		Ensure that monthly bank reconciliation is performed.	Number of months bank reconcile to cash book. **[Incremental]**	3	3	0	3	3	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		Physical asset verification.	% variance between physical assets and those on the asset register. **[Maximum Threshold]**	0%	0%	0%	0%	0%	0%	Physical asset verification is done on the last quarter of the year.	
		Review the actual revenue against original revenue budget and review actual expenditure against original expenditure budget and do adjustment accordingly.	Number of budget reviews conducted. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NKPA5: Good Governance & Public Participation	E1	Submit all budget related polices to	Number of financial management policies	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		MANCO for review and adoption and further submission to council.	reviewed and/or revised yearly. **[Maximum Threshold]**								
		Ensure that public participation is conducted for rates and tariffs reviews in line with legislation.	Number of public engagements conducted for rates and tariffs reviews (Budget/IDP process). **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		• Submission of Section 52 (d), 71, 72, 75 reports. • Publication of the reports on the Municipal website in	% compliance with Treasury Regulations and MFMA. **[Maximum Threshold]**	100%	100%	0	100%	100%	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		accordance with section 75 of the MFMA.									
		Implementation of audit action plans identified by Auditor General (AG).	% implementation of AG audit action plans. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of internal audit action plans.	% implementation of internal audit action plan. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of strategic risk action plans.	% implementation of strategic risk action plans. **[Minimum Threshold]**	N/A	80%	0	80%	80%	(0)	N/A	N/A

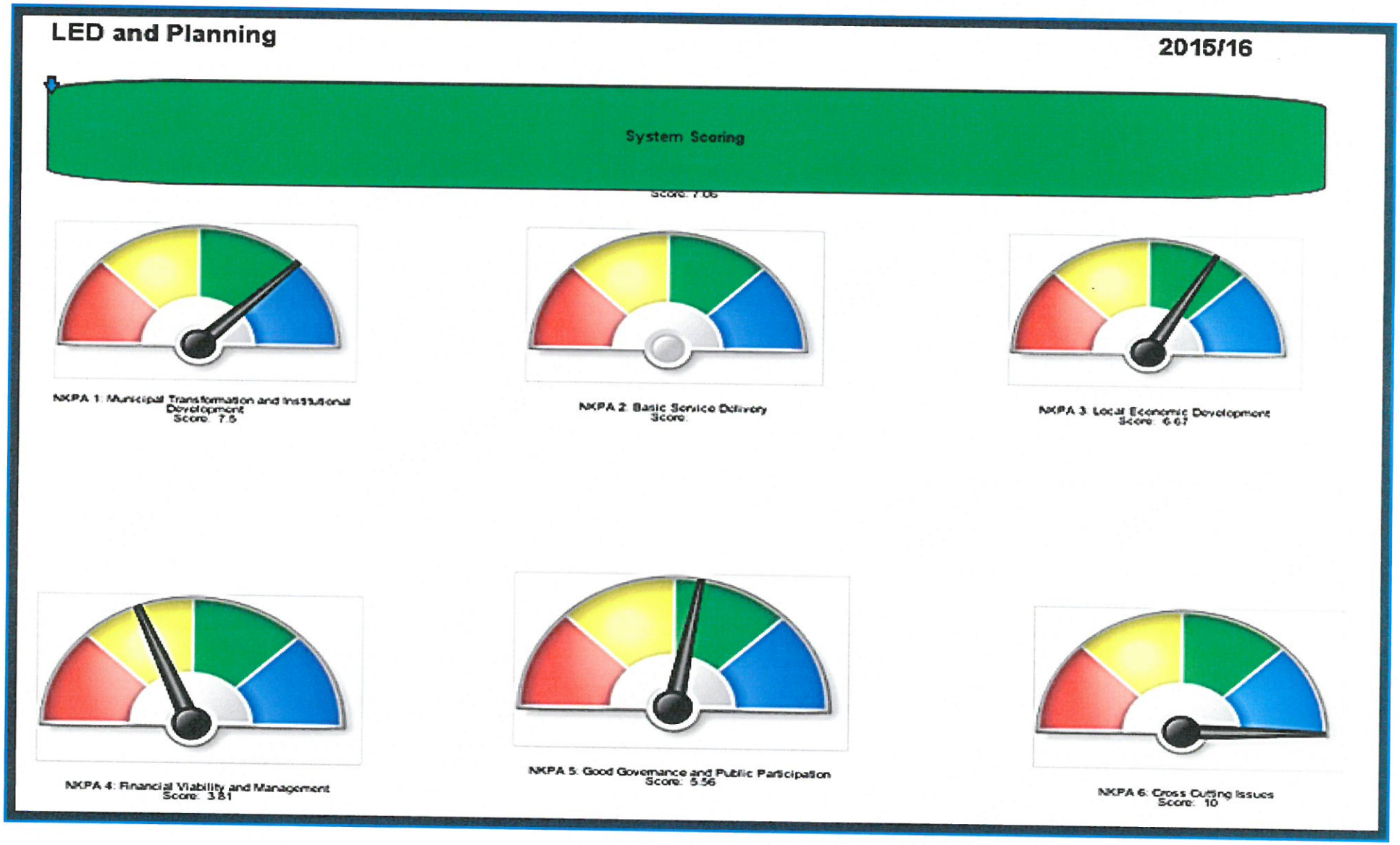
National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q1 Variance to the Target	Q4 Target	Q4 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 1: Municipal transformation and institutional development	**A1**	**Register all complaints on the complaints register and complete job cards for Infrastructure department to address technical queries.**	**% of customer billing queries resolved within 14 days of receipt. (No. of billing queries resolved within 14 days/ total number of queries received)**	**100%**	**100%**	0	**100%**	**100%**	0	**N/A**	**N/A**
		Ensure effective and efficient BID Committees System.	% of tenders adjudicated within 90 days of closure period (# tenders adjudicated/# of tenders closed and due for adjudication)	80%	80%	0	80%	80%	0	N/A	N/A
NKPA 2: **Basic Service Delivery**	**B1**	Conduct mass indigent registration, improve communication on indigents, and conduct	Total Number of indigent households registered by year end.- (cumulative)	4000	4185	185	4000	4376	376	N/A	N/A

		educational campaigns on indigents.									
NKPA 3: **Local Economic Development**	**C1**	Create internship opportunities	Number of internship opportunities created for finance department.	N/A	N/A	N/A	5	4	-1	One intern resigned	Advertisements for the intern position is currently in the process
NKPA 4: **Financial Viability and Management.**	**D1**	Monitoring of expenditure.	Number of budget meetings held	1	1	0	1	1	0	N/A	N/A
		Monitoring of expenditure.	Number of Revenue and expenditure meetings held	3	3	0	3	3	0	N/A	N/A
		Submission of the procurement plan.	Approved and Reviewed bi-annual Procurement plan	1	1	0	0	N/A	N/A	N/A	N/A

	D2	Ensure that the contract management register is maintained.	Monthly updates of the contract register approved by the SCM manager and Reviewed by CFO.	3	3	0	3	3	0	N/A	N/A
NKPA 4: **Financial Viability and Management.**	**D1**	Ensure that credit control measures are strictly implemented.	% revenue collection rate (revenue collected/ total revenue billed)	90%	85.50%	(4.5%)	90%	85.58%	(4.42%)	Implementation of new tariff model for commercial had an impact on collection as some customers resisted the time of use tariff	Improve payment levels by fully implementing credit control measures and debt collection Consultation with customers on tariffs for time of use is being done
		Ensure that credit control measures are strictly implemented.	% of outstanding service debtors to revenue received.	N/A	N/A	N/A	10%	17.4%	(7.4%)	Implementation of new tariff model for commercial had an impact on collection	Improve payment levels by fully implementing credit control measures and debt collection Consultation with customers on tariffs for time of use is being done

										as some customers resisted the time of use tariff	
NKPA 4: **Financial Viability and Management.**	**D1**	Perform cost recovery ratio on monthly basis to determine available cash to cover fixed operating expenditure (available cash + investments)/monthly fixed operating expenditure)	Cost coverage ratio (monthly).	1	0,79	(0,21)	1	0,33	(0,66)	Implementation of new tariff model for commercial had an impact on collection as some customers resisted the time of use tariff	Improve payment levels by fully implementing credit control measures and debt collection Consultation with customers on tariffs for time of use is being done
			Debt coverage ratio (Operating income/Debt serviced)	N/A	N/A	N/A	5	77,4	72,6		

	D1	Ensure that monthly reconciliation are performed and approved.	Number of monthly bank, valuation, creditors, Rental income, debtors and salaries recons prepared and approved by CFO and line managers.	18	18	0	18	18	0	N/A	N/A
NKPA 4: **Financial Viability and Management.**	**D1**	Review the actual revenue against original revenue budget and review actual expenditure against original expenditure budget and do adjustment accordingly.	Number of budget reviews conducted	1	1	0	N/A	N/A	N/A	N/A	N/A


LED and Planning
2015/16
System Scoring
NKPA 1: Municipal Transformation and Institutional Development
Score: 7.5
NKPA 2: Basic Service Delivery
Score:
NKPA 3: Local Economic Development
Score: 6.67
NKPA 4: Financial Viability and Management
Score: 3.81
NKPA 5: Good Governance and Public Participation
Score: 5.56
NKPA 6: Cross Cutting Issues
Score: 10

LOCAL ECONOMIC DEVELOPMENT AND PLANNING DEPARTMENT – ANNUAL PERFORMANCE SCORECARD

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 1: Municipal transformation and institutional development	A1	Participate in customer satisfaction survey.	Rating level of service satisfaction by external clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
		Participate in customer satisfaction survey.	Rating level of service satisfaction by internal clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	3/5	0	N/A	N/A
	A3	Implementation of key steps outlined in the PMS policy.	% compliance with the PMS policy. **[Maximum Threshold]**	100%	80%	(20%)	100%	80%	(20%)	Automated system inaccessibility.	To ensure that the system is updated regularly. Resort to manual reports.
NKPA 2: Basic Service Delivery	B3	To develop the spatial development plan.	Spatial development plan. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA3 : Local Economic Development	C1	To facilitate and implement the Local Economic Development Strategy.	The number of LED projects facilitated as per the LED dashboard. **[Cumulative]**	2	2	0	5	5	0	N/A	N/A
		Establishment of functional structures for LED.	Number of sectoral forums established. **[Incremental]**	1	1	0	1	1	0	N/A	N/A
		To facilitate the implementation of Enterprise Development Policy.	Number of emerging enterprises developed. **[Cumulative]**	10	10	0	25	16	(9)	Bureaucratic delays.	Review delegated powers.
		To coordinate LED summit.	Number of LED summit conducted. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		To develop Human Capital Development strategy.	Human Capital Development Strategy. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 4: Financial Viability and Management.	D1	Monitoring of expenditure.	% of OPEX spent within the allocated budget. **[Cumulative]**	5%	11.95%	(6.95%)	25%	24.25%	(0.75%)	Cash flow challenges	▪ Implementation of the Revenue Eenhancement Sstrategy. ▪ To ensure proper planning in view of financial challenges.
		Monitoring of expenditure.	% of CAPEX spent within the allocated budget. **[Cumulative]**	5%	0	(5%)	25%	0	(25%)	Service delivery protests	Effective public participation
		Ensure compliance with SCM procedures.	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). **[Cumulative]**	2	0	2	4	0	4	N/A	N/A
		Ensure compliance with SCM procedures.	Reduction in SCM variations against CAPEX. **[Maximum Threshold]**	0	0	0	0	0	0	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		To facilitate the transfer of properties alienated in accordance with the municipal Disposal Policy.	Number of properties transferred. **[Cumulative]**	N/A	N/A	N/A	20	22	2	N/A	N/A
		To regularise illegal building activities.	Number of occupational certificates issued. **[Cumulative]**	50	208	158	110	382	272	Target exceeded	The department to review the quarterly target in the next financial year.
		To ensure that GIS maps are made available within 5 days.	Number of GIS maps requested. **[Incremental]**	72	44	(28)	72	5	(67)	Target underestimated.	Revise the target in the next financial.
NKPA5: Good Governance & Public Participation	E1	To facilitate and coordinate sectoral forums to review IDP.	Approved IDP. **[Incremental]**	N/A	N/A	N/A	1	1	0	N/A	N/A
		To conduct service delivery awareness campaigns (billing, electricity water,	Number of integrated awareness campaigns conducted. **[Incremental]**	1	0	(1)	1	0	(1)	Service delivery protests	Awareness sessions to be conducted in the Quarter 3.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		sanitation, roads, waste, etc.									
		Implementation of audit action plans identified by Auditor General (AG).	% implementation of AG audit action plans. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of internal audit action plans.	% implementation of internal audit action plan. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of strategic risk action plans.	% implementation of strategic risk action plans. **[Minimum Threshold]**	N/A	N/A	N/A	80%	0	(80)	Risk register meetings have not been sitting to assess progress on implementation	Revival of risk register coordination meetings
NKPA6: Cross Cutting Issues	F1	Review of the spatial development framework to align with Spatial Planning	Spatial Development Framework. **[Maximum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

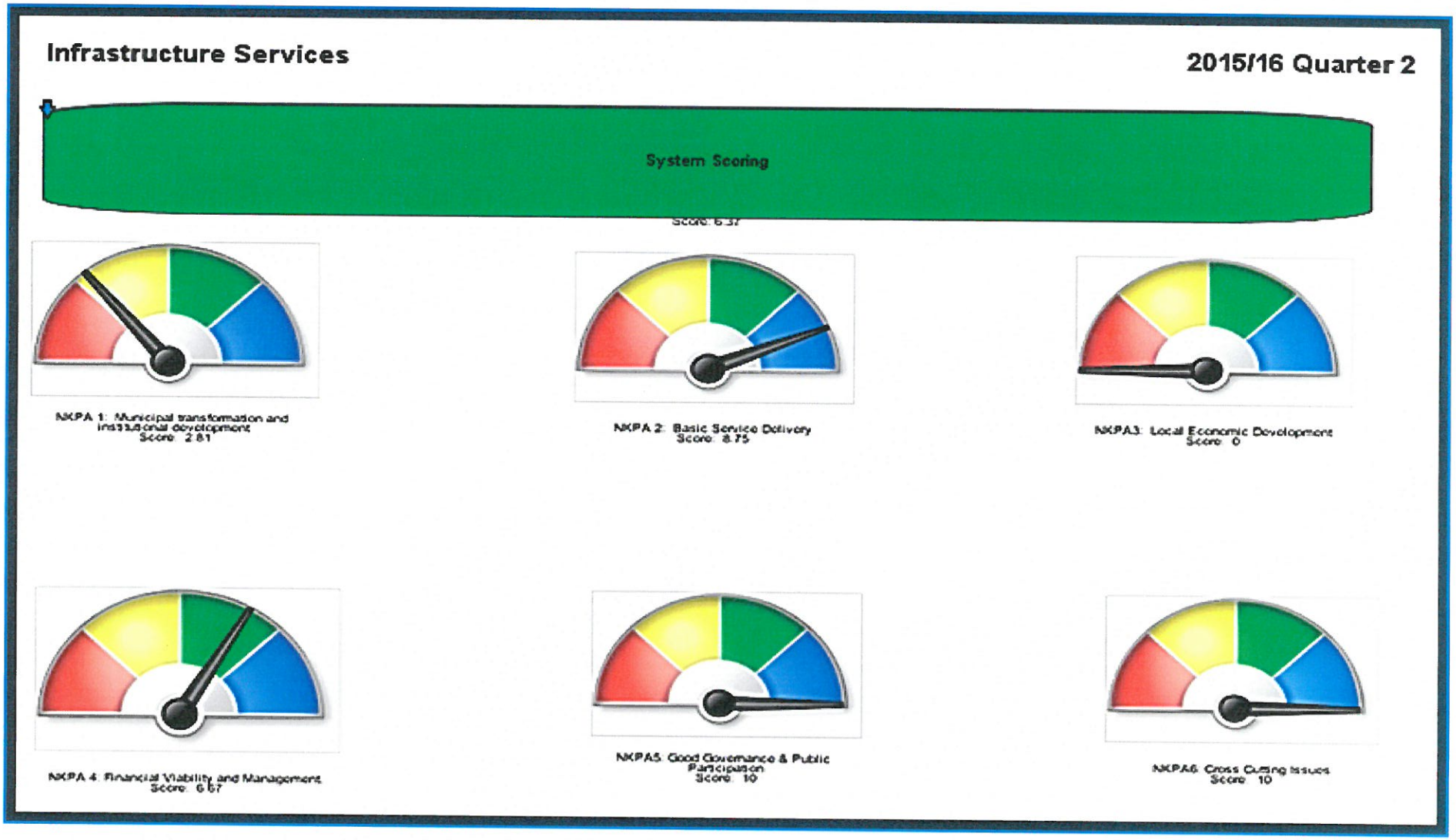
National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		and Land use Management Act (SPLUMA).									
		Implementation of environmental by-laws to ensure compliance.	Number of routine and random inspections as per the compliance monitoring plan. **[Incremental]**	3	5	2	3	3	0	N/A	N/A

National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Q3 Variance to the T...	Q4 Target	Q4 Actual	Q2 Variance ...	Reason for non-achievement	Corrective Measure
NKPA 2: Basic Service Delivery	**B3**	To develop the spatial development plan.	Approved Spatial development plan by 30 June 2016	1	1	0	N/A	N/A	N/A	Draft plan awaits approval of SDF. Delay due to Section 80 committee not quorating for more than three scheduled sittings.	Notice for comments to finalize SDF in circulation for 60 days until September 2016.
NKPA3 : Local Economic Development	**C1**	To facilitate and implement the Local Economic Development Strategy.	Number of LED projects implemented as setout per the LED dashboard.	2	6	4	2	1	(1)	Delays in concluding legal formalities with the developer.	Proactive involvement of all internal stakeholders to alleviate red-tape.
		To hold sectoral forums meeting	Quarterly meetings of sectoral forums held(Tourism, Informal trading, housing,)	3	1	(2)	3	0	(3)	Service delivery protests.	Stakeholder buy-in to alleviate disruptions.

		To coordinate LED summit.	LED summit convened.	N/A	N/A	N/A	1	0	(1)	Lobby for funds and forge partnerships with Government Stakeholders and Private sector.	Development of project plan.
NKPA 4: Financial Viability and Management.	**D1**	Monitoring of LED expenditure.	% of actual expenditure versus budget expenditure for the year as per the approved budget for LED (not to exceed 100%)- (cumulative)	50%	31%	(19%)	80%	41,8	38.2	Cash flow problems	Revenue enhancement
		To facilitate the transfer of properties alienated in accordance with the municipal Disposal Policy.	Number of identified backlog properties transferred	0	10		28	180	152	N/A	N/A
		To regularise illegal building activities.	% of occupational certificates issued in terms of norms and standards (# of properly issued certificates/# of issued certificates)	100%	100%	0	100%	100%	0	N/A	N/A

			% of regulatory building inspection conducted in relation to building applications received (# of regulatory inspections conducted/# of building applications received requiring inspection)	100%	100%	0	100%	100%	0	N/A	N/A
NKPA5: Good Governance & Public Participation	**E1**	Develop an IDP	Approved and reviewed IDP by 30 May of every year	N/A	N/A	N/A	1	1	0	N/A	N/A
NKPA6: Cross Cutting Issues	**F1**	Review of the spatial development framework to align with Spatial Planning and Land use Management Act (SPLUMA).	Approved and aligned spatial development framework by 30 June 2016	N/A	N/A	N/A	1	0	(1)	Draft plan awaits approval of SDF. Delay due to Section 80 committee not quorating for more than three	Notice for comments to finalize SDF in circulation for 60 days until September 2016.

										scheduled sittings.	
		Inspections carried out in terms of the approved monitoring plan to ensure compliance of environmental by-laws.	Number of environmental compliance inspections conducted as planned	3	9	6	3	6	3	N/A	N/A


Infrastructure Services
2015/16 Quarter 2
System Scoring
NKPA 1: Municipal transformation and institutional development
Score: 2.81
NKPA 2: Basic Service Delivery
Score: 8.75
NKPA3: Local Economic Development
Score: 0
NKPA 4: Financial Viability and Management
Score: 6.67
NKPA5: Good Governance & Public Participation
Score: 10
NKPA6: Cross Cutting Issues
Score: 10

INFRASTRUCTURE SERVICES DEPARTMENT – ANNUAL PERFORMANCE SCORECARD

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA 1: Municipal transformation and institutional development	A1	Participate in customer satisfaction survey.	Rating level of service satisfaction by external clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	0	3/5	N/A	N/A
		Participate in customer satisfaction survey.	Rating level of service satisfaction by internal clients. **[Minimum Threshold]**	N/A	N/A	N/A	3/5	4/5	1/5	N/A	N/A
		Resolution of complains.	% of complains resolved within the norms and standards. **[Minimum Threshold]**	80%	98%	18%	80%	98%	18%	N/A	N/A
		To conduct service delivery awareness campaigns	Number of integrated awareness campaigns	1	0	(1)	1	0	(1)	Campaigns were not conducted due to limited resources	More campaigns to be conducted in quarter 3 and 4.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		(billing, electricity water, sanitation, roads, waste, etc.	conducted. **[Incremental]**							committed to intense AG audit process.	
	A3	Implementation of key steps outlined in the Performance Management Policy.	% compliance with the Performance Management Policy. **[Maximum Threshold]**	100%	60%	(40%)	100%	50%	(50%)	Limited resources were available due to intensive AG Audit process.	Monthly consolidation of reports will be conducted.
NKPA 2: Basic Service Delivery	B1	Provision of needs driven services.	% of needs driven service connections implemented. **[Minimum Threshold]**	90%	100%	10%	90%	100%	10%	N/A	N/A
		Upgrading of gravel road to tar/paving, within the available budget.	% reduction of roads backlogs. **[Cumulative]**	N/A	N/A	N/A	20%	25%	5%	N/A	N/A
		Electrification of new households	% reduction of electrification	N/A	N/A	N/A	20%	10%	(10%)	The KPI was under-achieved	Plans to be re-aligned to delivery of

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		within the available budget.	backlogs. **[Cumulative]**							due to no-availability of houses to electrify.	houses by DHS.
		Provision of water to new households within the available budget.	% reduction of water backlogs. **[Cumulative]**	N/A	N/A	N/A	10%	10%	0	N/A	N/A
		Provision of sanitation to new households within the available budget.	% reduction of sanitation backlogs. **[Cumulative]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	B2	Development of a maintenance plan.	Approved maintenance plan. **[Maximum Threshold]**	1	0	(1)	N/A	N/A	N/A	The maintenance plan was still at the developmental stage in the first two quarters	The maintenance plan to be approved in Q3
		Implementation of the maintenance plan.	% adherence in the implementation of the	16%	24%	8%	36%	40%	4%	N/A	N/A

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			maintenance plan within the available budget. **[Cumulative]**								
NKPA3: Local Economic Development	C1	Creation of job opportunities through capital projects and operational activities.	Number of job opportunities created through EPWP initiatives. **[Cumulative]**	100	100	0	125	123	(2)	Construction of projects started late due to long approval process of Water and Sanitation projects.	Projects have been approved and figures will improve in the 3rd and 4th quarter.
NKPA 4: Financial Viability and Management.	D1	Monitoring of expenditure.	% of OPEX spent within the allocated budget. **[Cumulative]**	5%	24%	(19%)	25%	17%	(8%)	There is under-expenditure due cost containment measures.	Implementation of revenue enhancement initiatives is under-way and revenue collected will be spent on service delivery.
		Monitoring of expenditure.	% of CAPEX spent within the allocated budget. **[Cumulative]**	5%	3%	(2%)	25%	9%	(16%)	Under-expenditure is reported due to projects starting very late. Projects started late due to long	Projects have been approved and expenditure and delivery of projects will be expedited in quarter 3 & 4.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
										approval process of water and sanitation projects.	
		Ensure compliance with SCM procedures.	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). **[Cumulative]**	2	0	2	4	4	4	N/A	N/A
		Ensure compliance with SCM procedures.	Reduction in SCM variations against CAPEX. **[Maximum Threshold]**	0	0	0	0	0	0	N/A	N/A
		▪ Conduct meter audits. ▪ Replacement of leaking metres. ▪ Data cleansing. ▪ Implementa	% reduction of water distribution losses (Annual average). **[Maximum Threshold]**	20%	22%	(2%)	20%	21%	(1%)	Losses occur mainly due burst pipes and leaking meters.	Implementation of WCWDM plan, replacement of asbestos pipes and leaking meter will reduce the losses.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
		tion of Water Demand Management Plan. ▪ Replacement of asbestos pipes.									
		▪ Conduct meter audits. ▪ Implementation of automated meter reading on bulk customers. ▪ Implementation time-of-use tariffs. ▪ Implementation of data cleansing.	% reduction of electricity distribution losses. (annual average) **[Maximum Threshold]**	10%	10%	0	10%	13%	(3%)	Theft of electricity and inability to implement time-of-use tariffs are the main cause of the losses.	Regular meter audits and implementation of time-of-use tariffs will improve the losses.

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
NKPA5: Good Governance & Public Participation	E1	Submission of monthly, quarterly and annual MIG reports.	Number of MIG reports submitted for compliance with MIG reporting guidelines. **[Incremental]**	3	3	0	3	3	0		
		Implementation of audit action plans identified by Auditor General (AG).	% implementation of AG audit action plans. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of internal audit action plans.	% implementation of internal audit action plan. **[Minimum Threshold]**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Implementation of strategic risk action plans.	% implementation of strategic risk action plans.	N/A	N/A	N/A	80%	0%	(80%)	Strategic risk session was not held due to logistical	Strategic risk session to be held and progress on mitigation to be

National Key Performance Areas	Objective Ref.	Activities	Key Performance Indicators	Q1 Target	Q1 Actual	Q1 Variance to the Target	Q2 Target	Q2 Actual	Q2 Variance to the Target	Reason for non-achievement	Corrective Measure
			[Minimum Threshold]							challenges	monitored on monthly basis
NKPA6: Cross Cutting Issues	F1	Weekly monitoring of waste removal schedules.	% compliance to refuse and illegal dumping removal schedules. **[Minimum Threshold]**	95%	98%	3%	95%	98%	3%	N/A	N/A

National Key Performance Areas	IDP Ref	Activities	Key Performance Indicators	Q3 Target	Q3 Actual	Variance	Q4 Target	Q4 Actual	Variance	Reason for non-achievement	Corrective Measure
NKPA 1: **Municipal transformation and institutional development**	**A1**	Resolution of complains.	% of basic services complaints resolved in relation to the number of complaints received	100%	100%	0	100%	100%	0	N/A	N/A
		To conduct service delivery awareness campaigns (billing, electricity water, sanitation, roads, waste, etc.	Number of integrated awareness campaigns on basic services (waste, water and electricity) conducted.	1	0	(1)	1	0	(1)	Campaigns were not conducted due to limited resources	More campaigns to be conducted in the next financial year
NKPA 2: **Basic Service Delivery**	**B1**	Upgrading of gravel roads at Heidelberg Extension 23 & 26 by the	% completion for upgrading of gravel road at Heidelberg extension 23 &	40%	50%	(10)	100%	100%	0	N/A	N/A

		30/06/2016 within allocated budget	26. – (cumulative)								
		Electrification of 238 units at Ratanda Extension 8	Number of new households in Ratanda Ext 8 with electricity connections	N/A	N/A	N/A	238	0	(238)	There are no houses available to electrify due to non-delivery by Human Settlement Department	Roll-over has been applied for and electrification will be executed in the next financial year
		Feasibility study on the Expansion of Vischkuil WWTW	Completed and approved feasibility study for expansion of Vishkuil by 30/06/2016	N/A	N/A	N/A	1	1	0	N/A	N/A
		Construction of switching station building at Obed Nkosi	Constructed switching station building at Obed Nkosi	N/A	N/A	N/A	1	0	(1)	Project deferred due to slow development of housing posing theft risk	Project to be implemented in the next financial year
		Installation of a back-up power supply to Emmasdale	Installed back-up power supply at Emmansdale	N/A	N/A	N/A	1	0	(1)	Project deferred due to cash-flow problems	Project to be implemented in the next financial year

		water pump station by the 30/06/2016	water pump station								
		Installation of switch gear at Obed Nkosi 30/06/2016	Switch gear installed at Obed Nkosi	N/A	N/A	N/A	1	0	(1)	Project deferred due to slow development of housing posing theft risk	Project to be implemented in the next financial year
		Ablution block and guardhouse for extended portion of Ekuthukeni cemetery by the 30/06/2016	% completion on the construction of ablution block and guard house for Ekuthuleni cemetery	100%	100%	0	N/A	N/A	N/A	N/A	N/A
		Electrification of 175 houses at Obed Nkosi Township by the 30/06/2016	Number of new houses electrified at Obed Nkosi	N/A	N/A	N/A	175	175	0		
		Construction of a 5 Mega litres reservoir at Endicott by the 30/06/2016	% completion on construction of 5 Mega litres reservoir at Endicott- (cumulative)	20%	10%	(10%)	60%	25%	(35)	Project delayed due to un-anticipated geological conditions	Implementation Plan has been revised and the project will be completed on the 2nd quarter of the next

											financial year
		Construction of roads in Kwazenzele phase 1 by the 30/06/2016	% completion of road construction in Kwazenzele phase 1 – (cumulative)	N/A	N/A	N/A	100%	95%	(5%)	Project delayed due to community unrest	Public participation to be conducted and project to be completed in the first quarter of the next financial year
		Upgrading of the existing traffic lights in Heidelberg CBD and Ratanda by the 30/06/2016	% completion of traffic light intersections upgraded in Heidelberg and Ratanda as per specification.- (cumulative)	20%	40%	20%	100%	100%	0	N/A	N/A
		Installation of Automated Meter Reading	Number of electricity smart meters installed on commercial customers' premises	100	60	(40)	N/A	N/A	N/A	Project delayed due to contractual disagreements	Legal disagreement to be resolved and project to be concluded in the next financial year.

	B2	Development of a maintenance plan.	Approved maintenance plan by 30 June 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NKPA3: **Local Economic Development**	**C1**	Creation of job opportunities through capital projects and operational activities.	Number of job opportunities created through EPWP initiatives.	130	116	(14)	110	128	18	Less jobs were created due to long approval process of Water and Sanitation projects.	Projects have been approved and figures will improve in the 4th quarter.
NKPA 4: **Financial Viability and Management** .	**D1**	Monitoring of expenditure.	% of actual expenditure versus budget expenditure for the year as per approved budget for Infrastructure (not to exceed 100%)	80%	86%	6%	80%	92%	12%	N/A	N/A
			Number of households with access to free basic level of water	4000	4185	185	4000	4376	376	N/A	N/A

			Number of households with access to free basic level of sanitation	4000	4185	185	4000	4376	376	N/A	N/A
			Number of households with access to free basic level of electricity	4000	4185	185	4000	4376	376	N/A	N/A
			Number of households with access to waste removal services	20000	20000	0	20000	20000	0	N/A	N/A
		Conduct meter audits.	Water distribution losses not to exceed 35%	35%	21,8%	13,2	35%	20,5%	14,5%	N/A	N/A
		Conduct meter audits.	Electricity distribution losses not to exceed 10%.	10%	21,9%	(11,9%)	10%	16,6%	(6,6%)	Theft of electricity and inability to implement time-of-use tariffs are the	Regular meter audits and implementation of time-of-use tariffs will improve the

											main cause of the losses.	losses.

6. APPROVAL



ACTING MUNICIPAL MANAGER

LESEDI LOCAL MUNICIPALITY

ANNEXURE D

ACTION PLAN TO ADDRESS AG FINDINGS 2015/16 FY

LESEDI LOCAL MUNICIPALITY (05/01/2017)

AG ACTION PLAN							
KEY AUDIT FINDINGS	**CAUSES OF AUDIT FINDING**	**ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES**	**RESPONSIBILITY**	**DUE DATE FOR EACH ACTIVITY**	**PROGRESS REPORT**		
					Actual Progress	Challenges	Intervention / Support required
ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT **Financial Instruments disclosure**							
1. Inadequate disclosure of Financial Instruments	During the audit of financial instruments, it was noted that the disclosure note of financial instruments as presented on the financial statements was contrary to the requirements of GRAP 104, para 127 due to the fact that the risk management disclosure note 46 indicated that financial assets exposed to credit risk at year end were limited to the current account and call accounts and this did not take into account consumer debtors, trade and other receivables. The disclosure note for managing credit risk was not complete with the exclusion of trade and other receivables	**Root Cause**: not enough time allocated to review: **Action :** Management will ensure that Asset Register is finished in the month of July in ensuring that the AFS will be finished by the end of July to allow sufficient time to review by the CFO, internal audit, Audit Committee and external SP	CFO	30 July 2017	Purification of the budget and the utilisation of correct votes are performed continuously	None	None

The following balances were not included from the disclosure note

Financial assets	At amortised cost
Trade and other receivables from exchange transactions	R 4 140 951
Other receivables from non-exchange transactions	R 11 199 692
Consumer debtors	R 85 692 977
Total	**R 101 033 620**

D

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
2. Understatement of conditional grants disclosure	During the audit of grants, it was noted that the amount that was disclosed in Note 25 relating to the conditional grants did not agree to the amount that was recalculated using the supporting schedules and bank statements.	**Root cause**: lack of review due to insufficient time. **Action**: Management will ensure that Asset Register is finished in the month of July in ensuring that the AFS will be finished by the end of July to allow sufficient time to review by the CFO, internal audit, Audit Committee and external SP.	CFO	30 June 2017	N/A	Non-prompt verification of Assets and lack of reconciliations on assets	none

The identified misstatement is as follows:

	As per AFS	Auditors recalculation	Difference
Conditional grants	R 12 958 791.00	R 47 041 809.00	R 34 083 018.00
Unconditional grants	R 82 794 000.00	R 82 794 000.00	R 0.00
	R 95 752 791.00	**R 129 835 809.00**	**R 34 083 018.00**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
3. Overstatement of Debt write off	During the audit of accounts receivable, it was noted that there was a significant difference between the indigent debt written off as per the council resolution and the amount disclosed for the debt written off as per the annual financial statements.	**Root Cause**: Timing difference between the actual date of write off the implementation thereof. Indigent policy did not align the correct time of writing off of indigents debt. **Action:** management will review the indigent policy to correct the timing difference and also reconcile the total amount written off and the amount in the AFS	Manager Revenue	continuous	Review of indigent policy has been started for approval in May	None	None

Below is the schedule highlighting the variance:

Month	Council Resolutions	Amount written off per council approval	Indigents written off as per computation	Difference
Ju-15	LC.MC-85/08/2015	R 5 038 057	R 42 648 073.	R14 279 721.
Jul-15	LC.MC-86/08/2015	R 3 248 556		
Aug-15	LC.MC-100/09/2015	R 2 975 798.		
Sep-15	None	R0.00		
Oct-15	LC.MC-136/11/2015	R 848 508		
Nov-15	LC.MC-1/01/2016	R 3 906 613		

Dec-15	LC.MC-2/01/2016	R 976 685		
Jan-16	LC.MC-34/03/2016	R 1 199 268		
Feb-16	LC.MC-35/03/2016	R 566 578		
Mar-16	LC.MC 58/04/2016	R 7 055 386.		
Apr-16	LC.MC 73/06/2016	R 1 380 369		
May-16	LC.MC 74/06/2016	R 1 172 528		
		R 28 368 351.	**R 42 648 073**	**R 14 279 721**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
4. Overstatement of Consumer debtors allowance based on analysis of GRAP 104 requirements	In terms of the municipality's policy the debt impairment allowance is computed as follows • Debt owing more than 60 days, yet less than 90 days is provided for at 10% • Debt owing more than 90 days is provided for at 100%. • Government Debt is not impaired The impairment calculation submitted for audit purposes was not in accordance with GRAP 104 as: • There was no indication that significant debtors were assessed, for risk of impairment separat ely, before they were grouped. • No assessment was conducted for the different debtor	**Root cause:** AGSA has disregarded the estimation of debt impairment as provided by the policy. Management is aware of how cumbersome it can be to analyses each of the 25 000 customers to profile. **Action**: management will engage with other municipalities and provincial treasury in soliciting the advice on best practices regarding the full implementation of GRAP 104	Manager Accounting reporting	28 February 2016		Financial Systems not design to simplify such activities hence the need to profile each customer individually	Advice from Provincial Treasury

	groups (Business, Approved indigent, Churches, etc.) in order to assess if there was any indicator for impairment in determining the overall risk, no risk categories were defined. • Furthermore was no indication that debtors with similar credit risk characteristics, as required by the standard, were grouped together to be assessed. Residential debtors located in different areas within Lesedi Local Municipality will have different risks attached to them. The blanket approach purely based on whether payments have been made or not is not in aligned with GRAP 104. • Accounts receivable should first be discounted before the impairment is calculated. Currently the impairment is calculated on the undiscounted balance.						

	In order to test the impairment provided by management, a sample of debtors was selected from different groups of debtors and payments trends were thus analysed in order to obtain a reasonable estimate for the debt impairment						

Based on the assessment the following was considered as the misstatement in the allowance:

Description	Total based on schedule	Recalculated impairment based on the assessment done by auditors	Difference	Reason for no
UNKNOWN	R 283 425.98	R 0.00	R 283 425.98	Based on assessment, this class is regarded low risk and as such recoverability of debt is high.
AGRICULTURE	R 2 453 066.41	R 0.00	R 2 453 066.41	Based on assessment, this class is regarded low risk and as such recoverability of debt is high
AKSIAHOF WOONSTELLE	R 151 642.78	R 0.00	R 151 642.78	Based on assessment, this class is regarded low risk and as such recoverability of debt is high
BUSINESS	R 2 308 719.81	R 0.00	R 2 308 719.81	Based on assessment, this class is regarded low risk and as such recoverability of debt is high. Businesses are reliant on the municipality in order to effectively provide services. As such the risk associated with no recoverability of debt is low.
CHURCHES	R 519 642.66	R 0.00	R 519 642.66	Based on assessment, this class is regarded low risk and as such recoverability of debt is high. Churches are regarded as business. They are low risk for non-payment of their debts
COUNCILLORS	R 40 965.54	R 0.00	R 40 965.54	Based on assessment, this class is regarded low risk and as such recoverability of debt is high. Councillors

Description	Total based on schedule	Recalculated impairment based on the assessment done by auditors	Difference	Reason for no
				are easily identified and as such debt is recoverable
INDUSTRIAL	R 1 702 286.24	R 0.00	R 1 702 286.24	Based on assessment, this class is regarded low risk and as such recoverability of debt is high
MINING	R 1 083 755.22	R 0.00	R 1 083 755.22	Based on assessment, this class is regarded low risk and as such recoverability of debt is high. This relates to government Debt. The policy states that government debt isn't allowed for
OTHER	R 74 242.26	R 0.00	R 74 242.26	Based on assessment, this class is regarded low risk and as such recoverability of debt is high
RURAL DEVELOPMENT	R 1 091 377.09	R 0.00	R 1 091 377.09	Based on assessment, this class is regarded low risk and as such recoverability of debt is high. This relates to government Debt. The policy states that government debt isn't allowed for
UNKNOWN	R 23 671.55	R 0.00	R 23 671.55	Based on assessment, this class is regarded low risk and as such recoverability of debt is high
	R 369 798 929	R 360 066 133	R 9 732 795	

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
5. Debt impairment allowance schedule not agreeing to the amount disclosed in the annual financial statements	During the audit of debt impairment allowance, the audit team noted that there were differences between the amount disclosed in the financials and the submitted supporting schedules.	**Root cause**: This was due to the policy and underlying estimates which were not practical **Action:** management will engage with other municipalities and provincial treasury in soliciting the advice on best practices regarding the full implementation of GRAP 104	Manager Accounting reporting	28 February 2016	none	Financial Systems not design to simplify such activities hence the need to profile each customer individually	Advice from Provincial Treasury

The following variances were identified as follows:

Detail	Impairment Allowance as per Supporting schedules	Impairment allowance as per Annual Financial Statement	Difference
Impairment allowance	R 369 799 030.00	R 363 779 573.00	R 6 019 457.00

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
6. Overstatement of Fines debt allowance	During the audit of receivable for non-exchange transaction, we noted that the municipality did not adopt a policy to be applied to fines impairment on subsequent measurement to ensure that the policy is consistently applied as determined in IGRAP 1. During the recalculation performed for current year we noted that the allowance was not consistent to the prior year because percentage of payment levels was used as 70% while the current was 88% and there was no disclosure note on the financial statements that explained why a different percentage was used. Based on the use of the 2014-15 benchmark of 70.89% allowance, it we noted that the current year allowance was thus overstated by R 6 922 976.52.	**Root Cause**: The report that was acquired from licence department was inconsistent due to many reasons, the difference between when is the fine recognised, for e.g when the fines are issued or when the fine is captured on the system, the other cause was due to lack of review by management attributable to limited time that was available. **Action:** management will review the policy of traffic fines impairment and analyse the report for traffic fines in ensuring that the payment trends are evaluated and impaired consistently.	Manager accounting and reporting	31 March 2016	none	none	None, where applicable advisory intervention will be appropriate

Below are the schedules indicating the inconsistency in the two year period

2015 allowance			
	Fines in Accounts receivable (gross)	**Allowance for impairment**	**Percentage allowed**
Impairment Allowance (Fines)	R 28 969 144.00	R 20 535 043.00	70.89%

2016 allowance			
	Fines in Accounts receivable (gross) (excluding Scrapped)	**Allowance for impairment**	**Percentage allowed**
Impairment Allowance (Fines)	R 40 324 181.00	R 35 507 141.48	88.05%

Therefore the misstatement is as follows

Detail	Allowance for impairment	Had the rate of the allowance percentage stayed the same as prior year	Variance
Impairment Allowance (Fines)	R 35 507 141.48	R 28 584 164.96	R 6 922 976.52

AG ACTION PLAN							
KEY AUDIT FINDINGS	**CAUSES OF AUDIT FINDING**	**ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES**	**RESPONSIBILITY**	**DUE DATE FOR EACH ACTIVITY**	**PROGRESS REPORT**		
					Actual Progress	Challenges	Intervention / Support required
Cash flow statement							
7. Inaccurate calculation of the property rates revenue on the cash flow statement	During the audit of the cash flow statement it was noted that the amount recorded for property rates revenue did not agree to the underlying supporting schedules.	**Root Cause:** In year reporting was erroneously **Action:** Management will no longer use in year reporting but will use the debtors report to detect the cash movement	Manager accountant and Reporting	30 July 2017	None	None	None

The details analysed below:

Description	Amount per client	Recalculated	Difference
Property rates	69 302 230	82 087 815	12 785 585

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Commitments							
8. Understatement of Commitments	During the test of commitments, it was noted that not all commitments were included in the schedule of commitments and this resulted in the commitments disclosure being misstated.	**Root cause:** Lack of review by management given the time that was available at disposal. **Action:** Management will complete all AFS related activities in time and the FAR monthly reconciliation will also assist to reconcile the commitment	Manager reporting and budgeting	31 March 2016, and continuous	none	none	none

The following table illustrate the above.

No	Name of contractor	Contract Description	Exp Date	Status	Contract Price	Amount paid to date	Recalculated commitment
1	NIEL DE KLERK	MAINTENANCE OF VALUATION ROLL	2017/02/28	In-progress	2 495 000	1 216 497	1 278 502
2	AMAZA TELEMATICS & FLEET MANAGEMENT	REALTIME FLEET MANAGEMENT	2018/10/30	In-progress	4 617 746	2 804 286	1 813 460
3	MESO AUTOMATION	DOCUMENT MANAGEMENT SYSTEM AND MULTIFUCTIONAL DEVICES	2017/12/01	In-progress	4624902.	2 081 849	2 543 053

No	Name of contractor	Contract Description	Exp Date	Status	Contract Price	Amount paid to date	Recalculated commitment
4	NEW DAWN TECHNOLOGIES	ITC STRATEGY IMPLEMENTATION SERVICES	2017/02/01	In-progress	4 299 256	734 532	3 564 724
5	I @ CONSULTING	RE-EVALUATION OF ASSETS REGISTER AND ASSETS MANAGEMENT SYSTEM	2017/02/01	In-progress	8 268 210	6 599 950	1 668 259
6	SONKE CONSULTING	PROVISION OF AUTOMATED TIME AND ATTENDANCE SYSTEM FOR LLM	2017/03/01	In-progress	641 906	574 247	67 658
7	FIRE FLAME TRADING AND PROJECTS PTY LTD	CLEANING OF MUNICIPAL HALLS	2017/02/28	In-progress	200 000	23740	176 260
Total							**11 111 919**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Procurement and contract management							
9. Irregular expenditure relating to prior year non-compliance not recorded on the financial statements	During the audit of expenditure, we noted that there were payments made from the contracts that were awarded through the panel system in the previous year without following the proper supply chain processes. The awarded contracts resulted in non-compliance and payments made were regarded as irregular expenditure. Upon review of the current financial statements submitted we noted that irregular expenditure resulting from payments made from prior year non-compliance were not disclosed as irregular expenditure determined by Circular 68 quoted above	**Root cause:** The implementation of panel system that was not consistent with the SCM regulations, whose aim was to expedite the procurement processes. **Action:** Management has already scrapped panel system and procurement plan has been developed. The bid committees are functional and fully comply with SCM Regulations	Municipal manager and CFO	Continuously and already started implementation.	SCM Regulations are implemented as expected	none	none

The following contracts were awarded in the previous year :

Supplier Name	Contract number	Description as per contract register	Payments made in 15-16
Bapekama Projects (Pty) Ltd	Tender No. 14/2014	RIPPING OF TAR AND ISTALLATION OF INTERLOCKING PAVING IN JAMESON PARK	R 232 668.69
Vulino (Pty) Ltd	Tender No. 14/2014	RIPPING OF TAR AND ISTALLATION OF INTERLOCKING PAVING IN JAMESON PARK	R 240 418.80
Allouis Electrical	Tender No. 17/2014	ELECTRICFICATION OF HOUSES AT OBED NKOSI TOWNSHIP PHASE 2A	R 182 639.38
Fezkho Energy	Tender No. 17/2014	SUPPLY AND INSTALL SWITCH GEAR AT OBED NKOSI TOWNSHIP PHASE 2A	R 2 346 980.95
Demco Cleaning	Tender No. 17/2014	SUPPLY AND INSTALLATION OF FEEDER CABLES AT OBED NKOSI TOWNSHIP PHASE 2A	R 1 180 053.96
Dloziman Trading Enterprise	Tender No. 17/2014	ELECTRICFICATION OF HOUSES AT OBED NKOSI TOWNSHIP PHASE 2A	R 181 944.00
EDAFU Construction	Tender No. 17/2014	BULK RETICULATION SUPPLY AT OBED INKOSI PHASE 2A	R 348 589.55
Rodecon Engineering	Tender No. 17/2014	ELECTRICFICATION OF HOUSES AT OBED NKOSI TOWNSHIP PHASE 2A	R 184 459.71
PACESETTER CONSULTING & ADVISORY (PTY) Ltd	Tender No. 19/2014	COMMUNITY SERVICES AUDIT	R 42 567.45
WILLOW TREE CONSULTING CC	Tender No. 19/2014	FINANCIAL MANAGEMENT AND SCM AUDIT	R 51 786.00
NGUBANE & CO CHARTERD ACCOUNTANTS&AUD	Contract no. 19/2014	IT REVIEW AND IT AUDITS	R 144 100.00
UKUKHANYA ADVISORY SERVICES (PTY) LTD	Contract no. 19/2014	INFRASTRUCTURE SERVICES AND LED AN PLANNING	R 216 743.00
IMPISI SECURITY SERVICES	Contract no. 19/2014	PROVISION OF SECURITY SERVICES	R 7 791 611.97
Volouw construction cc	contract no. 17/2014	ELECTRICFICATION OF HOUSES AT OBED NKOSI TOWNSHIP PHASE 2A	R 454 723.20
Mavovo investment holdings pty ltd	contract no. 17/2014	ELECTRICFICATION OF HOUSES AT OBED NKOSI TOWNSHIP PHASE 2A	R 159 600.00
Upward spiral 1471	contract no. 17/2014	ELECTRICFICATION OF HOUSES AT OBED NKOSI TOWNSHIP PHASE 2A	R 181 944.00
Mthombeni investments Pty Ltd	contract no. 14/2014	RIPPING OF TAR AND ISTALLATION OF INTERLOCKING PAVING IN JAMESON PARK	R 439 000.00
MT Mtimandze Projects and Consulting (Pty) Ltd	contract no. 19/2014	PROVISION OF DEBT COLLECTION SERVICES	R 2 823 402.60
SILVER SOLUTIONS	Sec 32	REPAIR AND MAINTANCE OF TRANSFORMERS AND SWITCH GEARS	R 6 245 498.32

Supplier Name	Contract number	Description as per contract register	Payments made in 15-16
Micromega Revenue Management Solution	contract no. 1/2008	APPOINTMENT OF METER READER TO PERFORM WATER AND ELECTRICAL METER READING ON BEHALF OF THE MUNICIPALITY	R 1 375 185.78
Sigma IT (Pty) Ltd	Sec 32	IT SERVICES	R 174 534.00
Intenda Pty Ltd	4648/05/15	IMPLEMENTATION OF THE INTENDA TENDERING SYSTEM	R 19 931.60
Sanchaa Connection	Sec 32	ORGANISATIONAL AND RE-ENGINEERING	R 166 212.00
Amaza Telematics & Fleet Management	Sec 32	PROVISION OF SERVICES RELATING TO THE DEVELOPMENT AND MANAGEMENT OF REALTIME FLEET MANAGEMENT	R 974 244.00
		Total	**R 26 158 838,96**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
10. Price preferential system not applied	During the audit of Procurement and contract management it was noted that certain contracts which were awarded to the suppliers under panel system were not evaluated using price preferential points system in terms of the Preferential Procurement Policy Framework Act (PPPFA).The appointment of the suppliers to the panel was based on the functionality only and it is not clear what is the basis of selecting a specific supplier on the panel over the others since there were no price comparison to ensure that a fair competitive process is achieved.	**Root cause:** The implementation of panel systems contravened some of SCM Regulations like the proper evaluation by the BEC **Action:** Management has discarded the panel system in totality and this challenges will not be experienced again	MM and CFO	Implemented and continuous	SCM regulations fully complied with	none	none

The following is the overview of the misstatement:

No.	Supplier Name	Contract number	Description as per contract register	Contract amount	Payments made in 15-16
1	LINODI PTY LTD	14/2014	RENOVATION AND PARTITIONING OF ABLUTION FACILITIES	R 202 500	R 202 500

No.	Supplier Name	Contract number	Description as per contract register	Contract amount	Payments made in 15-16
2	SCIP ENGINEERING GROUP	14/2014	PREPARING PLANS, DESIGN AND MONITORING RESEVORS	R 1 300 000	*R 1 402 200
3	UGQOLOMA CONSULTING JV	12/2014	SUPPLY AND DELIVERY OF 90 TONS COLDMIX ASPHALT	R 1 638 000	R 491 400
4	MOHLAWE TECHNOLOGIES	14/2014	SUPPLY, INSTALLATION OF BACKUP GENERATOR AND EXTENSION OF THE EXISTING EMMASDALE PUMP STATION CONCRETE ENCLOSURE	R 500 000.00	R 40 584
5	SINGA TEL PTY LTD	14/2014	PROVISION OF VOIP SERVICES	R 646 735.60	R 646 735.60
6	ASATICO CIVIL AND CONSTRUCTION	14/2014	SUPPLY AND DELIVERY OF G1 GRAVEL MATERIAL FOR CONSTRUCTION OF ROADS IN KWAZENZELE AND PLANT HIRE	R 541 904.93	R 541 904.93
7	ASATICO CIVIL AND CONSTRUCTION	14/2014	COMPLETION OF THE MAIN ROAD IN KWAZENZELE	R 2 188 043.19	*R 2 420 654.21
8	ZANDILE		WATER METER AUDITS AND READING ASSGNMENT	R28.50 Per Meter	R 388 582.90
9	TSHAWE INFRASTRUCTURE TECHNOLOGIES	14/2014	PREPARING PLANS, DESIGN AND MONITORING WATER RETICULATION	R 390 000.00	*R 573 876.00
10	ZENZISICHABA CC		DEVELOPMENT OF TRADING STALLS IN IMPUMELELO	R197.000.00	R197.000.00
					R 6 708 438

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Expenditure management							
11. Invoices not paid within 30 days	After analysing the payment listing for the 15/16 financial year, it was noted that a large number of payments made to suppliers were not paid within 30 days of receipt of invoices as per the requirements of the Municipal Finance Management Act.	**Root Cause** : Basic municipal needs are more than the affordability of the municipality given the revenue base, which in this case it not the collection rate but the basic needs which were exacerbated by the demarcations. This created cash flow challenges **Action:** management has intensified the credit control measures and is engaging with national Cogta on revenue enhancing initiatives and this will improve cash flow situation	Manager revenue and CFO	continuous	Credit control has started with cut-offs and revenue enhancement is underway	none	Revenue enhancement initiatives by national Cogta

The table below summarizes the results that were identified, and a detailed annexure is attached for reference

Total number of payments made in the	Number of payments made later than	Rand value of payments made after	Detailed annexure of the late

financial year	30 days	30 days	payments
2743 total payments	1288 late payments	R 247 448 058	Annexure to 30 Days Finding.xlsx

Percentage of number payments made after 30 days based on detail above is 55%and the late payments resulted in the municipality incurring fruitless and wasteful expenditure.

Based on the review of the action plan it was noted that management made a commitment to improve cash flow and manage expenditure to ensure that sufficient cash flow is available to be able to pay the creditors within the required timeframe as set out in the MFMA. As the situation has not changed the issue has a remained a challenge in the current year as well.

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Consequence management							
12. Prior year unauthorized expenditure not investigated by council	During the audit, there was no sufficient evidence that council has investigated all instances of unauthorised expenditure to the value R51 566 267 identified in the prior year to determine if any person was liable for the expenditure.	**Root cause:** interpretation of section 32 of MFMA was different from that of AGSA **Action:** management will ensure that budget adjustment will be done correctly to avoid unauthorised at all costs and investigations will be done and taken to council for approval	MM	31 March 2016	none	none	none
Predetermine objectives							
13. No consistency between indicators and targets planned in revised SDBIP and reported in APR for NKPA 2	During the audit of performance information, it was noted that certain planned indicators and targets contained in the revised SDBIP were not consistent with those reported in the performance report submitted for audit.	**Root Cause:** lack of understanding the performance management systems which led to interventions that called for changes in the KPA lead to inconsistent reporting during the year. SMART principle was not fully adhered to	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

		and the alignment between IDP, SDBIP and performance management system was not correct. Action: Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency, alignment and SMART.			SMART PMS		

The table below indicates the error rate:

Description	**Total number of misstatements**	**Error rate**
NKPA 2: Basic Service Delivery		
Reported targets were not consistent when compared with planned targets.	24	58%

Detail of indicators and targets

Indicators:

No.	Indicator as per IDP	Indicator as per SDBIP	Indicator as per APR	Department
NKPA 2: Basic Service Delivery				
1	% average access to service delivery key focus areas. [Minimum Threshold]	Indicator not reported	0% average access to service delivery key focus areas. [Minimum Threshold]	Office of the municipal manager

No.	Indicator as per IDP	Indicator as per SDBIP	Indicator as per APR	Department
NKPA 2: Basic Service Delivery				
2	% compliance with Fleet and Fuel Management policy . [Maximum Threshold] % compliance security	Indicator not reported	% compliance with Fleet and Fuel Management policy . [Maximum Threshold] % compliance security	Corporate service
3	Management policy. [Maximum Threshold] Number of quarterly maintenance report for facilities and fleet management unit produced	Indicator not reported	Management policy. [Maximum Threshold] Number of quarterly maintenance report for facilities and fleet management unit produced	Corporate service
4	% reduction of water distribution losses (Annual average). [Maximum Threshold]	Indicator not reported	% reduction of water distribution losses (Annual average). [Maximum Threshold]	Finance department
5	% reduction of electricity distribution losses (Annual average). [Maximum Threshold]	Indicator not reported	% reduction of electricity distribution losses (Annual average). [Maximum Threshold]	Finance department
6	Number of heritage arts and culture programmes implemented. [Incremental]	Indicator not reported	Number of heritage arts and culture programmes implemented. [Incremental]	Community services
7	Number of library outreach programmes implemented. [Incremental]	Indicator not reported	Number of library outreach programmes implemented. [Incremental]	Community services
8	Number of elderly, disabled and environmental health support programmes implemented. [Incremental]	Indicator not reported	Number of elderly, disabled and environmental health support programmes implemented. [Incremental]	Community services
9 10	% of traffic law enforcement, fire and rescue services responded to. [Maximum Threshold]	Indicator not reported	% of traffic law enforcement, fire and rescue services responded to. [Maximum Threshold]	Community services Community services

No.	Indicator as per IDP	Indicator as per SDBIP	Indicator as per APR	Department
NKPA 2: Basic Service Delivery				
	Number of activities implemented in accordance with a plan of action. [Cumulative]		Number of activities implemented in accordance with a plan of action. [Cumulative]	
11	% of needs driven service connections implemented. [Minimum Threshold]	Indicator not reported	% of needs driven service connections implemented. [Minimum Threshold]	Infrastructure Services
12	% reduction of roads backlogs. [Cumulative]	Indicator not reported	% reduction of roads backlogs. [Cumulative]	Infrastructure Services
13	% reduction of electrification backlogs. [Cumulative]		% reduction of electrification backlogs. [Cumulative]	
14	% reduction of water backlogs. [Cumulative]	Indicator not reported	% reduction of water backlogs. [Cumulative]	Infrastructure Services
15	% reduction of sanitation backlogs. [Cumulative]	Indicator not reported	% reduction of sanitation backlogs. [Cumulative]	
16	Approved maintenance plan	Indicator not reported	Approved maintenance plan	Infrastructure Services
17	% adherence in the implementation of the maintenance plan within the available budget	Indicator not reported	% adherence in the implementation of the maintenance plan within the available budget	Infrastructure Services

Targets:

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 2: Basic Service Delivery				
1	Number of indigent households receiving free basic electricity. [Incremental]	6000	5500	Office of the municipal manager
2	% average access to service delivery key focus areas. [Minimum Threshold]	No planned target	96%	Office of the municipal manager
3	Compliance with Fleet and Fuel Management	No planned target	100%	Corporate service

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 2: Basic Service Delivery				
	policy. [Maximum Threshold]			
4	% compliance Security Management policy. [Maximum Threshold]	No planned target	100%	Corporate service
5	Number of indigent households receiving free basic electricity. [Incremental]	5000	7500	Finance
6	% reduction of water distribution losses (Annual average). [Maximum Threshold]	No planned target	41%	Finance
7	% reduction of electricity distribution losses (Annual average). [Maximum Threshold]	No planned target	20%	Finance
8	Number of heritage arts and culture programmes implemented. [Incremental]	No planned target	2	Community service
9	Number of library outreach programmes implemented. [Incremental]	No planned target	4	Community service
10	Number of elderly, disabled and environmental health support programmes implemented. [Incremental]	No planned target	4	Community service
11	% of traffic law enforcement, fire and rescue services responded to. [Maximum Threshold]	No planned target	100%	Community service
12	Number of activities implemented in accordance with a plan of action. [Cumulative]	No planned target	30%	Community service
13	% of needs driven service connections implemented. [Minimum Threshold]	No planned target	90%	Infrastructure
14	% reduction of roads backlogs. [Cumulative]	No planned target	20	Infrastructure
15	% reduction of electrification backlogs. [Cumulative]	No planned target	20	Infrastructure

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 2: Basic Service Delivery				
16	% reduction of water backlogs. [Cumulative]	No planned target	10	Infrastructure
17	Approved maintenance Plan	No planned target	1	Infrastructure
18	% adherence in the implementation of the maintenance plan within the available budget		36	Infrastructure

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
14. No consistency between indicators and targets planned in revised SDBIP and reported in APR for NKPA 3: Local Economic Development	During the audit of performance information, it was noted that certain planned objectives, indicators and targets contained in the revised SDBIP were not consistent with those reported in the performance report submitted for audit.	**Root Cause:** lack of understanding the performance management systems which led to interventions that called for changes in the KPA lead to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was not correct. Action: Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

		consistency, alignment and SMART.					

The table below indicates the error rate:

Description	Total number of misstatements	Error rate
NKPA 3: Local Economic Development		
Reported indicators were not consistent when compared with planned indicators.	15	100%

Detail of objectives, indicators and targets

Indicators:

No.	Indicator as per IDP	Indicator not planned	Indicator as per APR	Department
NKPA 3: Local Economic Development				
1	The number of LED projects facilitated as per LED dashboard. [Cumulative]	Indicator not planned	The number of LED projects facilitated as per LED dashboard. [Cumulative]	Office of the municipal manager
2	Number of emerging enterprises developed. [Cumulative]	Indicator not planned	Number of emerging enterprises developed. [Cumulative]	Office of the municipal manager
3	Spatial Development Plan. [Maximum Threshold]	Indicator not planned	Spatial Development Plan. [Maximum Threshold]	Office of the municipal manager
4	Human Resource Development Strategy. [Maximum Threshold]	Indicator not planned	Human Resource Development Strategy. [Maximum Threshold]	Corporate service
5	Number of employees that are developed as per the HRD strategy. [Maximum Threshold]	Indicator not planned	Number of employees that are developed as per the HRD strategy. [Maximum Threshold]	Corporate service
6	Number of students who have been assisted financially. [Maximum Threshold]	Indicator not planned	Number of students who have been assisted financially. [Maximum Threshold]	Corporate service
7	Number of jobs created through EPWP.	Indicator not planned	Number of jobs created through	Community service

	[Maximum Threshold]		EPWP. [Maximum Threshold]	
8	Number of sectorial forums established. [Incremental]	Indicator not planned	Number of sectorial forums established. [Incremental]	LED
9	Number of emerging enterprises developed. [Cumulative]	Indicator not planned	Number of emerging enterprises developed. [Cumulative]	LED
10	Number of LED summit conducted. [Maximum Threshold]	Indicator not planned	Number of LED summit conducted. [Maximum Threshold]	LED

Targets:

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 3: Local Economic Development				
1	The number of LED projects facilitated as per LED dashboard. [Cumulative]	No planned target	7	Office of the municipal manager
2	Number of emerging enterprises developed. [Cumulative]	No planned target	25	Office of the municipal manager
3	Spatial Development Plan. [Maximum Threshold]	No planned target	100%	Office of the municipal manager
4	Human Resource Development Strategy. [Maximum Threshold]	No planned target	1	Corporate service
5	Number of employees that are developed as per the HRD strategy. [Maximum Threshold]	No planned target	18	Corporate service
6	Number of students who have been assisted financially. [Maximum Threshold]	No planned target	68	Corporate service
7	Number of jobs created through EPWP. [Maximum Threshold]	No planned target	15	Community service
	Number of sectorial forums established. [Incremental]		2	LED
	Number of emerging enterprises developed.		25	LED

	[Cumulative]			
	Number of LED summit conducted. [Maximum Threshold]		1	LED

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
15. No consistency between indicators and targets planned in revised SDBIP and reported in APR for NKPA 4: Financial viability	During the audit of performance information it was noted that certain planned objectives, indicators and targets contained in the revised SDBIP were not consistent with those reported in the performance report submitted for audit.	**Root Cause:** lack of understanding the performance management systems which led to interventions that called for changes in the KPA lead to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was not correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency,	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

		alignment and SMART.					

The table below indicates the error rate:

Description	Total number of misstatements	Error rate
NKPA 4: Financial viability		
Reported indicators were not consistent when compared with planned indicators.	38	100%

Detail of objectives, indicators and targets

Indicators:

No.	Indicator as per IDP	Indicator planned/not planned	Indicator as per APR	Department
NKPA 4: Financial viability				
1	% of projected budget vs. actual expenditure [Cumulative]	% actual expenditure vs budget expenditure for the year as per approved budget on the office of the MM not to exceed 100% [Cumulative]	% of projected budget vs. actual expenditure [Cumulative]	Office of the municipal manager
2	% of MIG funding spent on projects within the allocated budget. [Cumulative]	Indicator not planned	% of MIG funding spent on projects within the allocated budget. [Cumulative]	Office of the municipal manager
3	% implementation of activities in the Revenue Enhancement Strategy. [Cumulative]	Approved revenue enhancement strategy by 30 June 2016	% implementation of activities in the Revenue Enhancement Strategy. [Cumulative]	Office of the municipal manager
4	% of OPEX spent within the allocated budget. [Cumulative]	% of actual expenditure versus budget expenditure for the year as per approved budget for corporate service (not exceed 100%%) [Cumulative]	% of OPEX spent within the allocated budget. [Cumulative]	Corporate service
5	% of CAPEX spent within the allocated	Indicator not planned	% of CAPEX spent within the	Corporate service

No.	Indicator as per IDP	Indicator planned/not planned	Indicator as per APR	Department
NKPA 4: Financial viability				
	budget. [Cumulative]		allocated budget. [Cumulative]	
6	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Indicator not planned	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Corporate service
7	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Indicator not planned	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Corporate service
8	% increase in income generated vs maintenance cost schedule. [Cumulative]	% of rental revenue collected in relation to the rental revenue billed on municipality properties	% increase in income generated vs maintenance cost schedule. [Cumulative]	Corporate services
9	% of OPEX spent within the allocated budget. [Cumulative]	% of actual expenditure versus budget expenditure for the year as per approved budget for community services (not exceed 100%%) [Cumulative]	% of OPEX spent within the allocated budget. [Cumulative]	Community service
10	% of CAPEX spent within the allocated budget. [Cumulative]	Indicator not planned	% of CAPEX spent within the allocated budget. [Cumulative]	Community service
11	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Indicator not planned	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Community service
12	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Indicator not planned	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Community service
13	Number of budget inputs submitted	Indicator not planned	Number of budget inputs submitted	Community service
14	% of OPEX spent within the allocated budget. [Cumulative]	% of actual expenditure versus budget expenditure for the year as per approved budget for infrastructure (not exceed 100%%) [Cumulative]	% of OPEX spent within the allocated budget. [Cumulative]	Infrastructure

No.	Indicator as per IDP	Indicator planned/not planned	Indicator as per APR	Department
NKPA 4: Financial viability				
15	% of CAPEX spent within the allocated budget. [Cumulative]	Indicator not planned	% of CAPEX spent within the allocated budget. [Cumulative]	Infrastructure
16	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Indicator not planned	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Infrastructure
17	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Indicator not planned	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Infrastructure
18	% reduction of water distribution losses (annual) [Maximum threshold]	Water distribution losses not exceed 35%	% reduction of water distribution losses (annual) [Maximum threshold]	Infrastructure
19	% reduction of electricity distribution losses (annual) [Maximum threshold]	Electricity distribution losses not exceed 10%	% reduction of electricity distribution losses (annual) [Maximum threshold]	Infrastructure
20	% of OPEX spent within the allocated budget. [Cumulative]	% of actual expenditure versus budget expenditure for the year as per approved budget for LED (not exceed 100%%) [Cumulative]	% of OPEX spent within the allocated budget. [Cumulative]	LED
21	% of CAPEX spent within the allocated budget. [Cumulative]	Indicator not planned	% of CAPEX spent within the allocated budget. [Cumulative]	LED
22	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Indicator not planned	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	LED
23	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Indicator not planned	Reduction in SCM variations against CAPEX. [Maximum Threshold]	LED
24	Number of properties transferred [cumulative]	Number of identified backlog properties transferred	Number of properties transferred [cumulative]	LED

No.	Indicator as per IDP	Indicator planned/not planned	Indicator as per APR	Department
NKPA 4: Financial viability				
25	Number of occupational certificates issued	% of occupational certificates issued in terms of norms and standard	Number of occupational certificates issued	LED
26	Number of GIS maps requested [incremental]	Indicator not planned	Number of GIS maps requested [incremental]	LED
27	% of regulatory building inspection conducted in relation to building application	Indicator not planned	% of regulatory building inspection conducted in relation to building application	LED
28	% of OPEX spent within the allocated budget. [Cumulative]	Indicator not planned	% of OPEX spent within the allocated budget. [Cumulative]	Finance
29	% of CAPEX spent within the allocated budget. [Cumulative]	Indicator not planned	% of CAPEX spent within the allocated budget. [Cumulative]	Finance
30	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	Indicator not planned	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). Cumulative]	Finance
31	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Indicator not planned	Reduction in SCM variations against CAPEX. [Maximum Threshold]	Finance
32	Procurement plan reviewed	Indicator not planned	Procurement plan reviewed	Finance
33	% reduction of electricity distribution losses (annual) [Maximum threshold]	Indicator not planned	% reduction of electricity distribution losses (annual) [Maximum threshold]	Finance
34	% reduction of water distribution losses (annual) [Maximum threshold]	Indicator not planned	% reduction of water distribution losses (annual) [Maximum threshold]	Finance
35	% of MIG funding spent on projects within the allocated budget (for all department)	Indicator not planned	% of MIG funding spent on projects within the allocated budget (for all department)	Finance
36	% reduction in irregular wasteful and fruitless expenditure	Indicator not planned	% reduction in irregular wasteful and fruitless expenditure	Finance

No.	Indicator as per IDP	Indicator planned/not planned	Indicator as per APR	Department
NKPA 4: Financial viability				
37	% of request signed by the budget office	Indicator not planned	% of request signed by the budget office	Finance
38	Updated contract register	Indicator not planned	Updated contract register	Finance
39	Number of functional BID committee per quarter	Indicator not planned	Number of functional BID committee per quarter	Finance
40	% of revenue collected vs billed	Indicator not planned	% of revenue collected vs billed	Finance
41	Revenue enhancement strategy	Indicator not planned	Revenue enhancement strategy	Finance
42	% implementation of activities in the revenue enhancement strategy	Indicator not planned	% implementation of activities in the revenue enhancement strategy	Finance
43	Outstanding debtors to revenue ratio	Indicator not planned	Outstanding debtors to revenue ratio	Finance
44	Cost coverage ratio (days)	Indicator not planned	Cost coverage ratio (days)	Finance
45	% of projected budget vs actual expenditure(for all department)	Indicator not planned	% of projected budget vs actual expenditure(for all department)	Finance
46	% of suppliers paid within 30 days from date of receipts of invoice	Indicator not planned	% of suppliers paid within 30 days from date of receipts of invoice	Finance
47	Number of months bank reconcile to cash book	Indicator not planned	Number of months bank reconcile to cash book	Finance
48	% variance between physical assets and those in assets register	Indicator not planned	% variance between physical assets and those in assets register	Finance

Targets:

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 4: Financial Viability				
1	% of MIG funding spent on projects within the allocated budget. [Cumulative]	No planned target	35%	Office of the municipal manager

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 4: Financial Viability				
2	% of CAPEX spent within the allocated budget. [Cumulative]	No planned target	30%	Corporate services
3	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	No planned target	6	Corporate services
4	Reduction in SCM variations against CAPEX. [Maximum Threshold]	No planned target	4	Corporate services
5	% of CAPEX spent within the allocated budget. [Cumulative]	No planned target	25%	Community service
6	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	No planned target	6	Community service
7	Number of budget inputs submitted	No planned target	1	Community service
8	% of CAPEX spent within the allocated budget. [Cumulative]	No planned target	25%	Infrastructure
9	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	No planned target	6	Infrastructure
10	% of CAPEX spent within the allocated budget. [Cumulative]	No planned target	25%	LED
11	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	No planned target	6	LED
12	Number of GIS maps requested [incremental]	No planned target	100%	LED
13	% of OPEX spent within the allocated	No planned target	25%	Finance

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 4: Financial Viability				
	budget. [Cumulative]			
14	% of CAPEX spent within the allocated budget. [Cumulative]	No planned target	25%	Finance
15	Maintain the number of deviations to an acceptable level (annual deviations should not exceed 10). [Cumulative]	No planned target	4	Finance
16	Procurement plan reviewed	No planned target	1	Finance
17	% reduction of electricity distribution losses (annual) [Maximum threshold]	No planned target	10%	Finance
18	% reduction of water distribution losses (annual) [Maximum threshold]	No planned target	20%	Finance
19	% of MIG funding spent on projects within the allocated budget (for all department)	No planned target	100%	Finance
20	% reduction in irregular wasteful and fruitless expenditure	No planned target	100%	Finance
21	% of request signed by the budget office	No planned target	100%	Finance
22	Updated contract register	No planned target	100%	Finance
23	Number of functional BID committee per quarter	No planned target	3	Finance
25	% of revenue collected vs billed	No planned target	90%	Finance
26	Revenue enhancements strategy	No planned target	1	Finance
27	% implementation of activities in the revenue enhancement strategy	No planned target	20%	Finance
28	Outstanding debtors to revenue ratio	No planned target	80%	Finance

No.	Indicator	Target as per SDBIP	Target as per APR	Department
NKPA 4: Financial Viability				
29	Cost coverage ratio (days)	No planned target	90	Finance
30	% of projected budget vs actual expenditure (for all department)	No planned target	22.5%	Finance
31	% of suppliers paid within 30 days from date of receipts of invoice	No planned target	80%	Finance
32	Number of months bank reconcile to cash book	No planned target	6	Finance

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
16. Planned indicator and target not meeting the "SMART" criteria	During the audit of predetermined objectives it was noted that there were certain indicators identified which either not well defined or did not meet the measurability criteria as stated above.	**Root Cause:** lack of understanding the performance management systems which led to interventions that called for changes in the KPA leading to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was compromised, not correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

		consistency, alignment and SMART.					

The following serves as an example

Table 1: Indicators that do not meet the "SMART" criteria:
NKPA2

No.	Indicator	Target	Department	Comment
NKPA 2: Basic Service Delivery				
	% average access to service delivery key focus areas. [Minimum Threshold]	96%	Office of Municipal manager	The indicator is not well defined and not measurable
	% compliance with Fleet and Fuel Management policy. [Maximum Threshold]	100%	Corporate service	The indicator is not well defined as to what need to be done to reach compliance
	% compliance Security Management policy. [Maximum Threshold]	100%	Corporate service	The indicator is not well defined as to what need to be done to reach compliance
	% reduction of water distribution losses (Annual average). [Maximum Threshold]	41%	Finance department	The indicator is not well defined as the measure is the actual % of water losses and not the reduction
	% reduction of electricity distribution losses (Annual average). [Maximum Threshold]	20%	Finance Department	The indicator is not well defined as the measure is the actual % of electricity losses and not the reduction
	% of traffic law enforcement, fire and rescue services responded to. [Maximum Threshold]	100%	Community services	The indicator is not measurable
	% of fire calls received and attended to within norms and standards	100%	Community services	The indicator is not measurable
	% of needs driven service connections implemented. [Minimum Threshold]	90%	Infrastructure	The indicator is not measurable
	% reduction of roads backlogs. [Cumulative]	20%	Infrastructure	The indicator is not measurable

No.	Indicator	Target	Department	Comment
NKPA 2: Basic Service Delivery				
	% reduction of electrification backlogs. [Cumulative]	20%	Infrastructure	The indicator is not measurable
	% reduction of water backlogs. [Cumulative]	10%	Infrastructure	The indicator is not measurable
	% adherence in the implementation of the maintenance plan within the available budget	36%	Infrastructure	The indicator is not measurable
	% completion for upgrading of gravel road at Heidelberg extension 23 and 26	100%	Infrastructure	The indicator is not measurable
	% Completion on the construction of ablution block and guard house for Ekuthuleni cemetery	100%	Infrastructure	The indicator is not well defined as it is not clear to how %is measured
	% completion on the construction of 5 Mega litres reservoir at Endicott (Cumulative)	60%	Infrastructure	The indicator is not well defined as it is not clear to how %is measured
	% completion of road construction in Kwazenzele phase 1	100%	Infrastructure	The indicator is not well defined as it is not clear to how %is measured
	% completion of traffic light intersections upgraded in Heidelberg and ratanda as per specification (cumulative)	100%	Infrastructure	The indicator is not well defined as it is not clear to how %is measured

NKPA 4

No.	Indicator	Target	Department	Comment
NKPA 4: Financial Viability and Management				
1	% of projected budget vs. actual expenditure [Cumulative]	80%	Office of Municipal manager	The indicator is not well defined as to budgeted what
2	% implementation of activities in the Revenue Enhancement Strategy.	10%	Office of Municipal	The indicator is not well defined as to what need to be done

No.	Indicator	Target	Department	Comment
NKPA 4: Financial Viability and Management				
	[Cumulative]		manager	to reach the implementation stage
	Reduction in SCM variations against CAPEX. [Maximum Threshold]	4	Infrastructure Services	The indicator is not well defined as to whether it refers to variation from all requirements in the SCM policy or from procuring of goods and services requirements
	% increase in income generated vs maintenance cost schedule. [Cumulative]			The indicator is not well defined as the measure is the actual % of electricity losses and not the reduction
	% increase in income generated vs maintenance cost schedule. [Cumulative]	90%	Corporate service	The indicator is not well defined as the measure is the actual % revenue collected vs billed
	Number of budget inputs submitted	1	Community services	The indicator is not well defined as the indicator is not clear to which inputs
	% reduction of water distribution losses (annual) [Maximum threshold]	35%	Infrastructure	The indicator is not well defined as the measure is the actual % of water losses and not the reduction
	% reduction of electricity distribution losses (annual) [Maximum threshold]	10%	Infrastructure	The indicator is not well defined as the measure is the actual % of electricity losses and not the reduction
	% of the Financial Recovery Plan developed & implemented	50%	Finance	The indicator is not verifiable as how do you measure % development and implementation of a plan
	% of regulatory building inspection conducted in relation to building application	100%	LED	The indicator is not verifiable as how do you measure % of inspection
	Procurement plan reviewed	1	Finance	The indicator is not well defined as the measure is not stated
	% reduction of electricity distribution losses (annual) [Maximum threshold]	10%	Finance	The indicator is not well defined as the measure is the actual % of electricity losses and not the reduction
	% reduction of water distribution losses (annual) [Maximum threshold]	20%	Finance	The indicator is not well defined as the measure is the actual % of water losses and not the reduction

No.	Indicator	Target	Department	Comment
NKPA 4: Financial Viability and Management				
	% reduction in irregular wasteful and fruitless expenditure		100%	The indicator is not well defined as it is not clear to how %is measured
	% of request signed by the budget office		100%	The indicator is not well defined as it is not clear to how %is measured
	Reduction in the number of days in debt recovery ratio timelines	50	Finance	The indicator is not well defined as the measure is the number of days in debt recovery ratio and not the reduction
	Revenue enhancement strategy		Finance	The indicator is not well defined as the measure is of days in dot clear
	% implementation of activities in the revenue enhancement strategy		Finance	The indicator is not well defined as the % is not clear as how it is measured
	% of suppliers paid within 30 days from date of receipts of invoice	80%	Finance	The indicator is not well defined as the % is not clear as how it is measured

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
17. Indicators reported in the annual performance report (APR) but not planned in the adjusted SDBIP	During the audit of predetermined objectives it was noted that there were indicators that were reported in the annual performance report but were not planned in the adjusted SDBIP.	**Root Cause:** lack of understanding the performance management systems as a whole, which led to interventions that called for changes in the KPA leading to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was not correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency,	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

		alignment and SMART.					

The table below indicates such instances:

No.	Performance indicator	Target	Actual	Department
NKPA 2: Basic services Delivery				
1.	% average access to service delivery key focus areas. [Minimum Threshold]	96%	96%	Office of the Municipal Manager
2.	% compliance with Fleet and Fuel Management policy. [Maximum Threshold]	100%	100%	Corporate Service
3	% compliance Security Management policy. [Maximum Threshold]	100%	100%	Corporate Service
4	% reduction of water distribution losses (Annual average). [Maximum Threshold]	41%	44.17%	Finance Department
5	% reduction of electricity distribution losses (Annual average). [Maximum Threshold]	20%	22.22	Finance Department
6	Number of heritage arts and culture programs implemented. [Incremental]	2	5	Community Services
7	Number of library outreach programs implemented. [Incremental]	4	5	Community Services
8	Number of elderly, disabled and environmental health support programs implemented. [Incremental]	4	5	Community Services
9	% of traffic law enforcement, fire and rescue services responded to. [Maximum Threshold]	100%	30%	Community Services

No.	Performance indicator	Target	Actual	Department
NKPA 2: Basic services Delivery				
10	Number of activities implemented in accordance with a plan of action. [Cumulative]	100%	30%	Community Services
11	% of needs driven service connections implemented. [Minimum Threshold]	20%	25%	Infrastructure
12	% reduction of roads backlogs. [Cumulative]	20%	10%	Infrastructure
13	% reduction of electrification backlogs. [Cumulative]	10%	10%	Infrastructure
14	% reduction of water backlogs. [Cumulative]	N/A	N/A	Infrastructure
15	% reduction of sanitation backlogs. [Cumulative]	1	0	Infrastructure
16	Approved maintenance plan	36%	40%	Infrastructure
17	% adherence in the implementation of the maintenance plan within the available budget	20%	25%	Infrastructure

No.	Performance indicator	Target	Actual	Department
NKPA 3: Local Economic Development				
1.	The number of LED projects facilitated as per LED dashboard. [Cumulative]	7	7	Office of the Municipal Manager

No.	Performance indicator	Target	Actual	Department
NKPA 3: Local Economic Development				
2.	Number of emerging enterprises developed. [Cumulative]	25	26	Office of the Municipal Manager
3	Spatial Development Plan. [Maximum Threshold]	100%	100%	Office of the Municipal Manager
2	Human Resource Development Strategy. [Maximum Threshold]	1	1	Corporate services
3	Number of students who have been assisted financially. [Maximum Threshold]	18	18	Corporate services
4	Number of jobs created through EPWP. [Maximum Threshold]	15	15	Community Services
5	Number of sectorial forums established. [Incremental]	2	2	LED
6	Number of emerging enterprises developed. [Cumulative]	25	16	LED
7	Number of LED summit conducted. [Maximum Threshold]	1	0	LED
8	Quarterly meeting of sectorial forums held (Tourism informal trading housing)	6	1	LED

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
18. No portfolio of evidence not submitted to support the validity and accuracy of achieved targets reported on the performance report	During the audit of performance information, it was noted that the portfolio of evidence submitted is not accurate and valid to confirm the reliability of the following performance indicators reported	**Root cause:** Lack of coordination between the department and performance section also contributed to the finding **Action:** This part will be automatically addresses when management engage on proposed action of total PMS, SDBIP and IDP revamping	Performance manager and MM	Continuous and should be done by 31 May 2016	Workshop was conducted already	None, except time constraints	Sedibeng District municipality to assist

The table below indicates the error rate:

Indicators	Actual reported performance value	Audited value	Misstatement identified for the target	Misstatement occurrence target
NKPA : Local development and planning (Corporate governance)				
Human resource development strategy	1	0	1	1(There is no Human resource Development strategy)

Number of students who have been assisted financially	18	0	18	18(There is no evidence to conclude on reliability)
Number of leaner ship and internships opportunities created	68		68	68 (There is no evidence to conclude on reliability)
NKPA 3: Local Economic Development (LED)				
Number of LED projects facilitated as per LED dashboard	11	0	11	11 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Number of sectorial forums established	3	0	3	3 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Number of emerging enterprises developed	26	0	26	26 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
NKPA:3 Local Economic Development (Infrastructure)				
Number of job opportunities created through EPWP	244	85	159	159
NKPA 3: Local Economic Development (Office of the Municipal Manager)				
Number of LED projects facilitated as per LED dashboard	7	0	7	7 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Spatial Development Plan	100%	0	100%	100% (Spatial Development plan is not approve therefore not valid)

Number of emerging enterprises developed	26	0	26	26 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
NKPA 2: Local Economic Development (Finance)				
Number of internship opportunities Created for financial service	4	0	4	4 (There is no evidence to conclude on reliability for 2015/16 since contract attached are for 2014/2015)

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
19. Portfolio of evidence submitted not valid and accurate	During the audit of performance information it was noted that the portfolio of evidence submitted is not accurate and valid to confirm the reliability of the following performance indicators reported	**Root Cause:** lack of understanding ***SMART*** made the POE not to be relevant, and general understand of PMS compromised the accuracy of POE. **Action:** The complete overhaul of PMS will address the whole shortcomings associated with poor PMS	Performance manager and MM	31 March 2017 and continuous	Workshop has been conducted	Time factor not on municipal side	Sedibeng District municipality to assist

The table below indicates the error rate:

Indicators	Actual reported performance value	Audited value	Misstatement identified for the target	Misstatement occurrence target
NKPA :4 Financial Viability (Infrastructure)				
Reduction of water distribution losses (annual)	21%	0	21%	21% (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)

Indicators	Actual reported performance value	Audited value	Misstatement identified for the target	Misstatement occurrence target
Reduction of electricity distribution losses (annual)	13%	0	13%	13% (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Number of household with access to free basic level of water	4376	0	4376	4376 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Number of household with access to free basic level of sanitation	4376	0	4376	4376 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Number of household with access to free waste removal services	20000	0	20000	20000(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
NKPA 4: Financial Viability : (Community service)				
Number of budget inputs submitted	1	0	1	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
% of actual expenditure versus budget expenditure for the year for community services	95%	0	102%	7%
Number of emerging enterprises developed	26	0	26	26 (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)

Indicators	Actual reported performance value	Audited value	Misstatement identified for the target	Misstatement occurrence target
NKPA:4 Financial Viability (Corporate service)				
% increase in income generated vs maintenance cost schedule	90%	0	90%	90% (Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
% of actual expenditure versus budget expenditure for the year budget expenditure for the year	80%	0	98%	18%
NKPA 4: Local Economic Development (LED)				
Number of properties transferred	180	152	28	28
Number of occupational certification issued	382	72	310	310
% of actual expenditure versus budget expenditure for the year as per approved budget for LED	42%	92%	50%	50%
% of occupational certificates issued in terms of norms and standards	84%	0	84%	84%(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
% of regulatory building inspection conducted in relation to building application received	100%	0	100%	100%(Unable to audit the indicator since the portfolio of evidence

Indicators	Actual reported performance value	Audited value	Misstatement identified for the target	Misstatement occurrence target
				submitted is not sufficient and appropriate)
NKPA 4: Financial viability (Finance)				
Procurement plan review	1	0	1	4 (There is no evidence to conclude on reliability for review of procurement plan)
% reduction of electricity distribution losses (Annual average)	13%	0	13%	100%(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
% reduction of water distribution losses (Annual average)	21%	0	21%	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
%Reduction in irregular waste and fruitless expenditure	100%	0	100%	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
%of request signed by the budget office Reduction	100%	0	100%	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
updated contract register	100%	0	100%	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)

Indicators	Actual reported performance value	Audited value	Misstatement identified for the target	Misstatement occurrence target
% of revenue collected VS billed	84%	0	84%	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Revenue enhancement strategy	1	0	1	(There is no evidence for approved strategy)
% implementation of activities in revenue enhancement strategy	20%	0	20%	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
Cost coverage ratio (days)	90	0	18	(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
NKPA 4: Financial viability (Office of the Municipal Manager)				
Implementation of activities in the revenue enhancement strategy	10%	0	10%	10%(Unable to audit the indicator since the portfolio of evidence submitted is not sufficient and appropriate)
% of projected budget vs actual expenditure for the year as approved budget on MMs office to not exceed 100%	90%	88%	2%	2%

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
ANNEXURE B: OTHER IMPORTANT MATTERS Revenue							
20. Overstatement of service charges revenue	**(a) Property not charged for sewerage but charged for water** During the analysis CAATS result it was noted that the following properties were charged for water but not charged for sewerage and management comments were not appropriate to justify the charges.	**Root Cause:** Lack of review by management on the tariffs uploaded on the financial systems. **Action:** Management will ensure that every year when the new tariffs are uploaded are at least reviewed by internal audit to an extent of putting their stamp to confirm the correctness	Manager revenue and Internal audit	05th July 2017	None	None	none

Below is an example of the properties:

Unit Number	Management Comment	Inspected Evens and agreed that this is a valid exception. No corrective entries were made
00100000000540000000000000	vacant property with water basic charge	Valid
00100000003556000000000000	body corporate /charges on owners accound	Valid
00101600003390000000RE0000	public service infrastructure	Valid
00102300003866000000000000	vacant municipal property	Valid

00102300003868000000000000	vacant municipal property	Valid
00102300003870000000000000	vacant municipal property	Valid
00102300003880000000000000	vacant municipal property	Valid
00102300003885000000000000	vacant municipal property	Valid
00102300003888000000000000	vacant municipal property	Valid
00102300003892000000000000	vacant municipal property	Valid
00102300003894000000000000	vacant municipal property	Valid
00102300003895000000000000	vacant municipal property	Valid
00102300003903000000000000	vacant municipal property	Valid
00102300003908000000000000	vacant municipal property	Valid
00102300003925000000000000	vacant municipal property	Valid
00102300003927000000000000	vacant municipal property	Valid
00102300003935000000000000	vacant municipal property	Valid
00102300003956000000000000	vacant municipal property	Valid
00102300003965000000000000	vacant municipal property	Valid

Test 4: Possible duplicates in billing

During the analysis CAATS result it was noted that there were duplicate charges for the following stands and management comments were not appropriate to justify the charges

Unit_Number	Account_Number	Transaction_Date	Auditors comment
00100000000350000200RE0000	111705365	2015/07/24	Overstatement
00100000000350000200RE0000	111705365	2015/07/24	Overstatement
00100000000350000200RE0000	111705365	2015/08/22	Overstatement

00100000000350000200RE0000	111705365	2015/08/22	Overstatement
00100000000350000200RE0000	111705365	2015/09/22	Overstatement
00100000000350000200RE0000	111705365	2015/09/22	Overstatement
00100000000350000200RE0000	111705365	2015/10/19	Overstatement
00100000000350000200RE0000	111705365	2015/10/19	Overstatement
00100000000350000200RE0000	111705365	2015/11/20	Overstatement
00100000000350000200RE0000	111705365	2015/11/20	Overstatement
00100000000350000200RE0000	111705365	2015/12/14	Overstatement
00100000000350000200RE0000	111705365	2015/12/14	Overstatement
00100000000350000200RE0000	111705365	2016/01/19	Overstatement
00100000000350000200RE0000	111705365	2016/01/19	Overstatement
00100000000350000200RE0000	111705365	2016/02/17	Overstatement
00100000000350000200RE0000	111705365	2016/02/17	Overstatement
00100000000350000200RE0000	111705365	2016/03/17	Overstatement
00100000000350000200RE0000	111705365	2016/03/17	Overstatement
00100000000350000200RE0000	111705365	2016/04/21	Overstatement
00100000000350000200RE0000	111705365	2016/04/21	Overstatement
00100000000350000200RE0000	111705365	2016/05/20	Overstatement
00100000000350000200RE0000	111705365	2016/05/20	Overstatement
00100000000350000200RE0000	111705365	2016/06/22	Overstatement
00100000000350000200RE0000	111705365	2016/06/22	Overstatement

Test 15B Water estimates for 3 months in a row

During the analysis CAATS result it was noted that for the following stands electricity charges were estimated for 3 months in a row and management comment were not appropriate to justify the charges

Below is an example of the exception:

Unit_Number	Account_Number	Esti_6mnths	Esti_MoreThan_3mths	Auditors Comment
00100000000050000100000000	111703737	YES	YES	Valid exception
00100000000110000100000000	111700708	YES	YES	Valid exception
00100000000120000000RE0000	101644777	YES	YES	Valid exception
00100000000120000100000000	100000794	YES	YES	Valid exception
00100000000130000300000000	100471514	NO	YES	Valid exception
00100000000260000000000000	101316663	YES	YES	Valid exception
00100000000280000100000000	111705870	YES	YES	Valid exception
00100000000570000200RE0000	101366054	YES	YES	Valid exception
00100000000580000000RE0000	111702015	YES	YES	Valid exception
00100000000730000100000000	100006500	YES	YES	Valid exception
00100000000800000700000000	101649334	YES	YES	Valid exception
00100000000800001600000000	111704461	YES	YES	Valid exception
00100000000810000000RE0000	111714096	YES	YES	Valid exception

Test 15A Electricity estimates for 3 months in a row

During the analysis CAATS result it was noted that for the following stands electricity charges were estimated for 3 months in a row and management comment were not appropriate to justify the charges

Below is an example of the exception:

Unit_Number	Account_Number	Esti_6mnths	Esti_MoreThan_3mths	Exception
00100000000140000000000000	100000931	YES	YES	Valid
00100000000380000600000000	111708114	YES	YES	Valid

00100000000400000000RE0000	111696871	YES	YES	Valid
00100000000640000600000000	100005383	YES	YES	Valid
00100000000144000400000000	101285655	YES	YES	Valid

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Prepaid Electricity							
21. Variances between the Prepaid electricity schedules and the revenue amount recognized in the Financial statements	During the audit of prepaid revenue, we noted that there were variances between the prepaid schedules submitted for audit and the prepaid electricity revenue recognized as revenue on the annual financial statement.	**Root cause:** The introduction of the new system where even the duplicates and cancellations were not cleared. **Action:** management is going to analyse all the transaction on the prepaid systems and trace all the duplicates and cancellations will be proper journals will be passed.	Manager Revenue and CFO	31 Mach 2016	none	none	none

The detail is analysed below:

Vote	Description	Amount as per schedules	Amount as per Annual financial statement	Difference
7000/15/2/15/5340	Pre-paid electricity payment	R 48 142 838	R 46 558 821	R 1 584 017

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
22. Fines listing not agreeing to the amount disclosed on the annual financial statement	During the audit of fines revenue, the audit team noted that there were differences between the amount disclosed in the financials and the reports submitted for the audit.	**Root cause:** Lack of review due to insufficient time. **Action:** Management is perusing the finalisation of AFS, yearend procedures and all the reconciliation on time as any delay affect the overall reporting.	Manager accounting and reporting	31 July	Corrected in the AFS	None	none

The following variances were identified as follows:

Detail	Disclosed on the afs	As per fines listing	Difference
Fines	R 45 817 229	R 47 547 200	R 1 729 971

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Provisions							
23. Incorrect accounting of the movement within provision of landfill	During the audit of provisions for landfill sites, it was noted that the increase in the provision liability of R3 818 418 was accounted for against profit and loss as a fair value adjustment instead of increasing the Finance cost as per the GRAP standard.	**Root cause:** Misinterpretation of GRAP standards. **Action:** Management will continue to send staff for GRAP training to sharpen the skills and correct GRAP implementation.	Manager accounting and Reporting	continuous	Management corrected the provision of landfill site and was in the audited AFS	none	none

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
24. Overstatement of leave provision	During the audit of Provisions for leave days it was identified that the incorrect package was used in order to calculate the provision balance. As such this has led to an overstatement of the leave pay provision by R125 128.47.	**Root Cause:** The acquisition of the new system created a vacuum and inconsistencies, in this case it produces an incorrect package. **Action:** Management has acquired a new system which was used before and ensured that it is a stable system that will produce desired and relevant reports promptly.	Manager expenditure and Human Resource	30 June 2017	New payroll has acquired	none	none

Below is a schedule of the misstated packages:

Employee Number	As per the leave report used for the calculation of provision	As per payroll reconciliation	AMOUNT Provision	Recalculated provision	Difference
10270030	R 36 876.00	**R 34 788.00**	R 184 616.01	R 174 162.64	-R 10 453.36
0312684	R 7 526.00	**R 7 100.00**	R 17 415.77	R 16 429.97	-R 985.80
10110095	R 13 301.00	**R 12 548.00**	R 9 759.74	R 9 207.22	-R 552.52

0333608	R 8 276.00	**R 7 807.00**	R 31 619.62	R 29 827.74	-R 1 791.88
10110111	R 14 978.00	**R 14 130.00**	R 48 456.83	R 45 713.38	-R 2 743.45
10830004	R 19 906.00	**R 18 779.00**	R 49 503.83	R 46 701.12	-R 2 802.71
10110060	R 14 978.00	**R 14 130.00**	R 48 456.83	R 45 713.38	-R 2 743.45
10160967	R 11 812.00	**R 11 143.00**	R 18 250.96	R 17 217.27	-R 1 033.69
10110014	R 23 500.00	**R 22 169.00**	R 77 681.60	R 73 281.85	-R 4 399.75
0333607	R 8 276.00	**R 7 807.00**	R 14 698.18	R 13 865.23	-R 832.94
10810025	R 19 906.00	**R 18 779.00**	R 24 836.32	R 23 430.18	-R 1 406.14
10310155	R 9 774.00	**R 9 220.00**	R 12 667.10	R 11 949.12	-R 717.98
10090121	R 16 861.00	**R 15 906.00**	R 20 160.36	R 19 018.49	-R 1 141.87
10830058	R 19 906.00	**R 18 779.00**	R 52 886.26	R 49 892.05	-R 2 994.21
10540008	R 29 790.00	**R 28 103.00**	R 44 322.75	R 41 812.77	-R 2 509.99
10070015	R 16 861.00	**R 15 906.00**	R 23 470.51	R 22 141.15	-R 1 329.36
10110053	R 23 500.00	**R 22 169.00**	R 120 790.00	R 113 948.66	-R 6 841.34
0435954	R 7 526.00	**R 7 100.00**	R 9 056.49	R 8 543.86	-R 512.63
0060803	R 7 526.00	**R 7 100.00**	R 10 796.50	R 10 185.38	-R 611.12
10130040	R 29 790.00	**R 28 103.00**	R 27 158.95	R 25 620.94	-R 1 538.00

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual	Challenges	Intervention

					Progress		/ Support required
Commitments							
25. Commitment not calculated accurately	During the audit of commitment it was noted that certain commitments figures were incorrectly calculated	**Root cause:** Lack of review by management given the time that was available at disposal. **Action:** Management will complete all AFS related activities in time and the FAR monthly reconciliation will also assist to reconcile the commitment	Manager reporting and budgeting	31 March 2016, and continuous	none	none	none

The following provides details of the variance

No	Service provider	Contract amount	Amount Paid	Commitment	Amount as per contract	Amount as per payment list	Recalculated commitment	Variances
1	JM Mncwango Trading	9 383 715	7 942 635	1 441 080	9 383715	6 720 112	2 663 603	-1 222 523.

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Employee benefits							
26. Overstatement of actuarial gains recognised in the statement of financial performance	During the audit of Employment Benefits obligation, it was identified that the actuarial gains disclosed were overstated. The overstatement arises due to the fact that total medical contributions were understated by R1 010 935.	**Root cause:** Pure misinterpretation of actuarial exercise. **Action:** management will ensure that proper and timeous review is done	Manager accounting and reporting	30 June 2017	Corrections have been made in the audited AFS	none	none

Below is the detail of the understatement in contributions to the medical aid.

Medical Aid	Recalculated by auditors	As reported per expert report	Difference
Samwumed	R 14 550.00	R 1 236 000.00	**R 1 010 935.00**
Hosmed	R 71 808.00		
Keyhealth	R 2 064 175.00		
Bonitas	R 96 402.00		
	R 2 246 935.00	**R 1 236 000.00**	

Based on the table above, below is the effect on the actuarial gains:

Detail	As per auditors recalculation	As per expert report	Variance
Net expense recognised in the statement of financial performance	R 3 269 000.00	R 3 269 000.00	R 0.00
Current service cost	R 1 756 000.00	R 1 756 000.00	R 0.00
Interest cost	R 4 795 000.00	R 4 795 000.00	R 0.00
Actuarial (gains) losses	-R 1 035 065.00	-R 2 046 000.00	-R 1 010 935.00
Payments	-R 2 246 935.00	-R 1 236 000.00	R 1 010 935.00

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Employee cost							
27. No evidence to support that the municipality provided quarterly reports on the status of a disciplinary case	During the audit, there was no evidence that the municipality submitted quarterly reports on the status of disciplinary cases to the MEC responsible for local government in the province as required by the disciplinary regulations for senior managers.	**Root cause:** Lack of awareness on the disciplinary regulations **Action:** Management will interrogate the said regulations and ensure that proper compliance is adhered to. Each department will develop compliance check list	MM	30 January 2017	None	none	none
28. Performance assessments not done within a reasonable time.	During the audit, the evidence to support the performance assessments done by the municipality for section 56 and 57 employees was not provided because the timing for the assessment only took place during October and thus we could validate if the performance assessment is aligned to Regulation 26 (5) of the MSA. The timing of the annual evaluations should be	Root cause: Lack of planning by management Action: Management will develop a project plan clearly stipulating roles and responsibilities and time frames, which will enhance the reasonable time for completion	MM	30 January 2017	Discussion have already started in management regarding the development of project plan. Presentation by Sedibeng District municipality has been done during December	none	none

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
	determined and should form part of the adopted policy				2016		
30. Performance agreements of senior management not in line with s 57 (4) (c) of the Municipal Systems Act	It was noted during the audit that performance agreements for the municipal manager and senior managers did not include the consequences of substandard performance as required by Management Systems Act section 57 (4) (c). Furthermore, it was noted that the performance agreements for the municipal manager, chief financial officer and head of SCM did not include a performance measure which is based on the audit outcome of the municipality.	**Root cause:** The section referred to by AGSA touch on intervals not consequence management hence not included In the contracts **Action:** Management has however decided to include the consequence management clause in at section 56/7 contracts when the new ones are signed, as this will cause no harm but a good gesture.	Performance manager and MM	31 July 2017	none	none	none
31. Policy not aligned to provisions of MSA (Municipal Systems Act)	During the audit, it was noted that the municipality had developed and adopted appropriate systems and procedures to monitor, measure and evaluate performance of staff in the form of a performance	**Root cause:** municipal employees belong to Bargaining council agreement, so this matter has stuck at that level which hinders managements	Corporate Services manager	Dependent of agreement	None	none	none

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
	management policy, however, the policy is only limited to s56 & s57 employees, not all staff, which is in contravention of the Act. It was noted that the performance policy only includes s56 & s57 employees and only those employees are assessed on performance, but no assessment is done for other staff members of the municipality due to this fact the municipality may not be able to properly evaluate the performance of staff members and implement consequence management for poor performance.	movement in this regard **Action:** There is little management can do about this until the agreement is reached at bargaining council level. It is however important to note that the proposed designed of the PMS of section 56/7 will drill down in ensuring the achievements of set objectives per department.					
32. Vacancies not filled within the reasonable time.	During the assessment of key management personnel, it was noted that the candidate appointed in CFO position acted for the period exceeding 6 months and this resulted into a contravention of the Section 56.1(c) of Municipal System Act which provides as follows:	**Root cause:** The delay in getting the right person as people with such experience are scarce in the market **Action:**	Council	As and when required	none	none	none

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
	The acting period of CFO and MM should be limited to **a)** maximum period of 3 months or **b)** If more than 3 months the extension was approved by the MEC local government for a further period that did not exceed three months.	The CFO has since been appointed and council is still busy with recruitment process for MM (depended on the conclusion of a disciplinary case)					

The following serves as an example

#	Position	Acting Start Date	To year end	Acting Duration
1	Municipal Council	01-Nov-15	30-June-16	8 months
2	Chief financial officer	01-Jul-15	30-Apr-16	10 months

Furthermore, it was noted that the following management positions were left vacant for a period of more than 12 months and this might have compromised service delivery issues in the departments were the vacancies were not filled.

The following serves as an example

#	Position
1	Manager: Assets and Insurance

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
33. Staff member appointed without meeting inherent qualifications as per job description.	During the testing of new staff appointments, it was noted that there was a candidate that was appointed that did not have the qualifications to meet the requirements as per the position's job description,	**Root cause:** Inconsistencies during the appointments by management **Action:** Management will apply section 32 of MFMA where a proper investigation will be conducted into all irregular appointments and recommendations will be send to council	MM	31 March 2017	None	None	None

The following table illustrates the finding noted:

Employee No	Position	Requirements as per Job Description and advert	Qualifications as per CV's
10550012	Procurement Officer Quotations	Relevant qualification in Finance with a certificate in Stores Management.	Diploma in Information Technology

b) Furthermore, it was noted that the following employees were appointed even though they were not the ones who scored the highest points during the interviews. Refer to the table below for details:

Employee Number	Position	Position in the scoring sheet
10550013	Procurement Officer Orders1	2
10490017	Customer Care Clerk	4

c) It was further noted that, for the employee who was appointed in the position of procurement officer orders, the employee was given the position of procurement officer orders even though she was in the scoring sheet for procurement officer tenders where she came second in terms of scoring points

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
34. Overtime not pre-approved.	During the audit of overtime it was noted that certain employees worked overtime that was not pre-approved as prescribed by the entity's approved overtime policy and this resulted in non-compliance with the overtime policy.	**Root cause:** The overtime under question relate to water and electricity services where sometimes the problem cannot wait for written approval but done verbally due to their emergency nature **Action :** Management has designed the new overtime forms applicable to all department and they are signed for pre approval	All departments	implemented	Forms designed and are implemented	none	none

The following employees were identified:

No	Employee Number	Employee	Month of overtime	Total paid combined	Period Overtime worked	Approval Date
1	10110090	Banda ME	March 2016	5 705.30	21 & 28 February 2016 and 07 March 2016	17 March 2016
2	0818268	Dibate MS	June 2016	8 223.37	16-19 May and 10-15 June 2016	14 June 2016
3	0410001	Dube J	January 2016	3 748.73	16, 19, 25 & 26 December 2015 and 01 & 09 January 2016	20 January 2016
4	10810057	Gina VE	November 2015	12 404.73	16-22 October 2015	23 November 2015
5	10810058	Kgodu KK	January 2016	9 131.64	08-10 December 2015 & 01-07 January 2016	20 January 2016
6	0818264	Khakho OP	June 2016	7 279.02	03-09 June 2016	17 June 2016
7	10830004	Koetle TS	January 2016	17 661.29	12-13 & 22-28 December 2015 & 09,12,14&15 January 2016	20 January 2016
8	10830058	Makana AV	January 2016	9 013.73	16-20 December 2015 & 05,06,08,09 & 10 January 2016	20 January 2016
9	10430204	Mashiane OJ	November 2015	9 206.83	17,18,24,25&31 October 2015 and 01,07.08,14&15 November 2015	06 November 2015 & 15 November 2015
10	10110053	Mayisa SP	April 2016	8 951.22	27-28 March 2016 & 11 April 2016	11 April 2016 and 18 April 2016
11	10070102	Mofikoe TJ	June 2016	52 323.33	16-18 May 2016 & 09-12 June 2016	17 June 2016
12	10370107	Rakgoadi K	May 2016	6 489.52	16,23 & 27 April 2016 and 02&07 May 2016	10 May 2016
13	10830170	Sithole JR	June 2016	15 323.35	17-23 May 2016, 31 May 2016, 01-03 June 2016, 04-06 June 2016, 14-15 June 2016	25 May 2016 06 June 2016 06 June 2016 06 June 2016 15 June 2016
14	10435962	Vilakazi FS	April 2016	11 523.66	16-21 March 2016 29-31 March 2016 and 01-02 April 2016 02-04 April 2016	23 March 2016 02 April 2016 05 April 2016

It was further noted that on the pre-approvals forms per the table below were not dated by the official who approved the overtime, therefore, we were unable to determine whether the overtime was pre-approved or not.

The following serves as an example:

No	Employee Number	Employee	Month of overtime	Total paid combined	Period Overtime worked	Approval Date
1	10361012	Bam SZ	December 2015	6 745.79	21-22 & 28-29 November 2015	Not dated
2	10530250	Dlamini SS	December 2015	6 745.79	21-22 & 28-29 November 2015	Not dated
3	10830002	Els NJ	June 2016	14 300.65	16,17,20,21,22 & 31 May 2016 and 01,04,05,06 June 2016	Recommended for approval on 15 June 2016 but no date of approval on form.
4	10110014	Labuschagne AJ	November 2015	12 210.83	16, 18 & 27 October 2015 and 14 November 2015	28 October 2015 and no pre-approval for November overtime worked
5	10810025	Mabote ND	November 2015	10 094.32	6-13 November 2015	Recommended for approval on 13 November 2015 but no date of approval on form.
6	10810042	Magabotji S	November 2015	12 015.51	23-29 October 2015 & 13-15 November 2015	Recommended for approval on 30 October 2015 and 23 November 2015 respectively but no date and approver on

No	Employee Number	Employee	Month of overtime	Total paid combined	Period Overtime worked	Approval Date
						form.
7	0373937	Ntshasa IM	April 2016	10 879.48	16 March 2016 19 March 2016 20 March 2016 21 March 2016 23 March 2016 25, 26,27 & 28 March 2016 02-03 April 2016 09-10 April 2016	Recommended for approval on 18 March 2016 25 March 2016 23 March 2016
						23 March 2016 29 March 2016 30 March 2016 05 April 2016 12 May 2016 but no date of approval on form.
8	10810059	Peteni MJ	March 2016	7 591.37	19-26 February 2016	Recommended for approval on 04 March 2016 but no date of approval on form.
9	10810038	Sekhu V	February 2016	16 097.98	15-21 Jan 2016 and 12-15 February 2016	Recommended for approval on 11 February 2016 and 16 February 2016 but there was no approval obtained
10	10810018	Ziervogel FCM	May 2016	5 248.68	22-28 April 2016	No date of approval

Furthermore, it was noted that there were no pre-approvals for the overtime that was worked and paid for the officials per the table below.

The following serves as an example:

No	Employee Number	Employee	Month of overtime	Total paid combined	Period Overtime worked	Approval Date
1	0838784	Hlope TJ	August 2015	6 198.58	17-20 July 2015 & 8-10 August 2015	No pre-approval
2	10070098	Makitla PM	January 2016	48 289.36	18-20 December 2015 & 11-15 January 2016	No pre-approval
3	10070004	Mutloane K	November 2015	41 732.31	19-23 & 25 October 2015 and 01-07 November 2015	No pre-approval
4	10491165	Tindleni MJ	November 2015	7 525.44	20,23,25,27 & 29 October 2015 and 13 November 2015	No pre-approval

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Distribution loss							
35. Distribution loss incorrectly calculated	During the audit of disclosures relating to distribution losses, it was noted that the value and percentage of loss disclosed for electricity as per note 56 of the annual financial statements for the 2016 financial year was incorrectly calculated. The table below illustrates the discrepancies identified:	**Root Cause:** The Schedule used by the Loss and disposal controller was not updated with the figure of own use hence the amount for own use was not correct. **Action:** The loss and disposal controller will prepare the schedule monthly and the CFO will review it monthly	Loss and Disposal controller and CFO	Immediately	The schedule has been updated	none	none

The following serves as an example

Reconciliation (Electricity)	Rand Value	%
Total loss	**R 40 112 472**	**26%**
LESS: Own use	(R 2 560 760,)	-2%
LESS: Network loss acceptable	(R 7 796 804,)	-5%
Non-technical loss	**R 29 754 908**	**19%**
Disclosed in note 56	R 25 387 801	17%

Difference identified	**R 4 367 107**	**2%**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Procurement and contract management							
36. Tender advertised for less than 30 days for an amount above R10 000 000 resulting in irregular expenditure	During the audit of the SCM it was noted that a tender of a value that exceeds R10 million was advertised for less than 30 days. The tender was advertised by 11 November 2015 which is 7 months away from year end which gives the municipality enough time to advertise and complete the SCM process Upon review of the reasons provided in supporting documentation, it was noted that the deviation was that Lesedi might forfeit the funds at year end if they are not spent and this resulted into a non-compliance with para 22 (2) of the SCM regulations.	**Root cause:** The retraction of panel system delayed the SCM processes **Action:** Management have developed SCM plan which is monitored by Provincial Treasury, and management is implementing the SCM plan according to dates set out	SCM manager	implemented	SCM plan is developed	none	none

The details of the tender are as follows:

Supplier name	Tender number	Value of award	Amount paid as at year end	Date of award
WA Road Construction CC	12/2015	R13 620 935.46	R2 836 972.8	14 March 2016

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
37. Misstatement identified on the prior irregular expenditure figure disclosed in the financial statements	During the audit of the unauthorised, irregular and fruitless expenditure we noted that management did not include the additional amount that was discovered and submitted to council for approval. This was confirmed through an inspection of a council resolution for minutes dated 28 June.	**Root cause:** Miscommunication between the manager responsible for AFS and corporate services after council resolutions. **Action:** CFO will ensure that all the council resolution affecting finance are duly communicated to relevant people through the assistance of finance secretariat.	CFO	ongoing	CFO section is already making follow-up on the council resolution and their implementation progress	none	none

The following serves as an example:

Amount per the prior year finding noted	Amount per AFS	Amount reported to council	Difference
70 407 140.00	70 407 140.00	73 283 340.00	2 876 200.00

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
38. Non-justifiable reasons provided for not following the proper supply chain process treated as emergency	During the audit of SCM it was noted that an award was made through section 36(1) (a) (v), the award was for catering at the State of the Municipality Address (SOMA). This is not justifiable as an emergency or situation which is impractical to follow SCM processes as the SOMA is an annual event and should have been planned for accordingly, this is indicative of poor planning.	**Root cause:** This is a subject of pure interpretation of SCM process that is impractical to implement like appointment of commercial radio station. **Action:** Management has taken cautious decision to avoid deviations to the best of its ability and CFO and MM will analyse and only sign the deviations where the need may arise and is impossible to avoid	SCM manager	immediately	Deviation are strictly signed by CFO and MM	none	none

Transaction details:

Supplier Name	Description	Invoice Number	Amount
Minaki Trading Enterprise	SOMA Catering	18062015	R247 400

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
39. Non-justifiable reasons provided for not following the proper supply chain process treated as emergency	During the audit of SCM it was noted that an award was made through section 36(1) (a) (i), the award was for the supply of fuel and the broadcast of the State of the Municipal Address (SOMA). The reasons provided for the deviation was that the panel system was discontinued because it resulted in incurrence of irregular expenditure, it was decided to procure through a deviation. This indicated poor planning and not an emergency as the municipality was aware of the challenges with the panel and could reasonably have followed the proper SCM process.	**Root cause:** This is a subject of pure interpretation of SCM process that is impractical to implement, **Action:** Management has taken cautious decision to avoid deviations to the best of its ability and CFO and MM will analyse and only sign the deviations where the need may arise. Management will also follow section 32 of MFMA	SCM manager	Immediately and section 32 of MFMA by 31 March 2017	Deviation are strictly signed by CFO and MM	none	none

Transaction details:

Supplier Name	Description	Invoice Number	Amount	Invoice Date
Mamongi (Pty) Ltd	SUPPLY AND DELIVERY OF FUEL	0028	R190 698.90	05 July 2016
Mamongi (Pty) Ltd	SUPPLY AND DELIVERY OF FUEL	0027	R185 716.65	21 June 2016

Mamongi (Pty) Ltd	SUPPLY AND DELIVERY OF FUEL	0017	R184 421.30	15 January 2016
Kaya FM (Pty) Ltd	SOMA outside broadcast	446082	R156 875.4	18 June 2015
Total			**R560 836.85**	

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
40. Non-justifiable reasons provided for not following the proper supply chain process treated as impracticality	During the audit of SCM it was noted that an award was made through section 36(1) (a) (v), the award was for the upgrading of the library. The reasons sighted for the deviation was that it was not practical to follow the official SCM processes. It is not justifiable how this constitutes an impractical situation to follow normal SCM processes.	**Root cause:** This is a subject of pure interpretation of SCM process that is impractical to implement, **Action:** Management has taken cautious decision to avoid deviations to the best of its ability and CFO and MM will analyse and only sign the deviations if the need may arise. Section 32 of MFMA will also be followed	SCM manager and MM	Immediately and section 32 of MFMA will be finalised by 31 March 2017	Deviation are strictly signed by CFO and MM	none	none

Transaction details:

#	Supplier name	Description	Value of award
1	Damita Business Solutions	Upgrading of Heidelberg Libraries	173 000.00
2	Leka Tekemalofe Enterprise	Upgrading of Heidelberg Libraries	173 000.00

2	Monabo Facilities Management	Upgrading of Heidelberg Libraries	193 059.00
	Total		**R366 059**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
41. Deliberate split of awards in order to follow a quotations process followed instead of a bidding process	During the audit of SCM it was noted that transactions of similar nature and acquisition of which took place at close proximity of each other, were obtained by sourcing written quotation under the threshold (R30 000 – R200 000). These should have been acquired as one transaction through a competitive bidding process.	**Root cause:** An act of ignorance and non-compliance **Action:** No split SCM process is now allowed and the CFO will not approve any request of this nature, management is also in the process of advertising all the as and when on 3 years basis to avoid deviations and splitting of invoices	SCM and CFO	immediately	Stopped the splitting of invoices	none	none

The transaction details are as follows:

Contract No.	Company Name	Description	Award Date	Amount	Comments
3915	Conlog (pty) ltd	Supply and Delivery of	13-04-2016	R194 132.4	Seven Day Advert

		210 Prepaid Meters without communication wire			
1025514	Conlog (pty) ltd	Supply and Delivery of 210 Prepaid Meters without communication wire	03-06-2016	R190 434.64	Seven Day Advert
2144	Elect Assure SA(Pty)Ltd	Traffic Signal Upgrade Voortrekker & Strydom Street	10-05-2016	R189 713.1	Seven Day Advert
2142	Elect Assure SA(Pty)Ltd	Traffic Signal Upgrade Voortrekker & Strydom Street	10-05-2016	R189 661.8	Seven Day Advert
2143	Elect Assure SA(Pty)Ltd	Traffic Signal Upgrade Voortrekker & Strydom Street	10-05-2016	R198 228.9	Seven Day Advert
Total				**R 962 170.84**	

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
42. Splitting of quotations for similar items acquired	During the audit of SCM it was noted that transactions of similar nature and acquisition of which took place at close proximity of each other, without obtaining the written quotations (according to the threshold of	**Root cause:** An act of ignorance and non-compliance **Action:** No split SCM process is now allowed and the	SCM and CFO	immediately	Stopped the splitting of invoices	none	none

	R10 001 to R29 999.99) and the deviation was not approved. Had these goods been procured as one transaction, they would have exceeded the threshold of R29 999.99 and the preferential point system would be applicable to the procurement of all the goods are of a similar nature; it is not justifiable why they were procured separately.	CFO will not approve any request of this nature, management is also in the process of advertising all the as and when on 3 years basis to avoid deviations and splitting of invoices					

Supplier name: Xco Sport and team wear

Description of Goods	Date of acceptance of quotation	Invoice number	Invoice date	Invoice amount
Supply and delivery of T-shirts and Coolers	27/01/2016	Inv1051JDJ	12/02/2016	25 972.05
Supply and delivery of T-shirts and Coolers	26/01/2016	Inv1049JDJ	12/02/2016	25 972.05
Supply and delivery of T-shirts and Coolers	26/01/2016	Inv1050JDJ	12/02/2016	25 972.05
Total				**77 916.15**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
43. Less than 3 quotations obtained for certain procurement	During the audit of SCM it was noted that for a transaction with a value of R6 500, the quotation from the winning supplier was not provided (it was only provided for the other two):	**Root cause:** The filing of SCM documents is not up to scratch. **Action:** Management will improve the filing system and the safe where documents are kept should have limited access.	SCM manager	31 March 2017	none	none	none

Supplier Name	Cheque Number	Reason for not following SCM	Amount
Kgomontsho Trading And Projects	91024802	Not indicated	R6 500

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
44. Incorrect application of section 32 Awards resulting in non-compliance	During the audit of the SCM it was noted that the municipality followed Regulation 32 of the SCM regulation to procure the services of certain service providers for the upgrading of roads and storm water project and planning and design. Upon review of the service level agreements between Lesedi municipality and the contractors we noted that one of the terms of the contract was that a certain portion of the contract value be awarded to subcontractors that will be appointed by the municipality Based on the analysis of facts stated above it could not be concluded that the municipality benefitted from following Regulation 32 because the portion that was reserved for third parties required that the bidding process be followed .	**Root cause:** Management was responding to local SMME's request for local empowerment and implementing Enterprise policy by encouraging subcontracting to local people in an event a contract is awarded. **Action:** Management has decided not include the subcontracting clause in the contracts awarded and this implicate the municipality and gives rise to noncompliance with SCM Regulations. Although the subcontracting clause was included in the SLA, it was never enforced by the municipality.	SCM and MM	Immediately and ongoing	Contract awarded without subcontracting clause	none	none

The following serves as an example

Tender No.	Supplier Name	Description	Contract value	Portion awarded to sub-contract	No evidence provided on the award to third parties
S32	JM Mnwango Trading	UPGRADING OF ROADS AND STORMWATER PROJECT IN THE LESEDI LOCAL MUNICIPALITY	R9 383 715.86	20%	R1 876 743.17
S32	Dikellong Engineers and Project Managers	PROVISIONOF SERVICES RELATING TO PLANNING, DESIGN AND PROJECT MANAGEMENT OF ROADS IN THE DEVON AREA	R17 000 000	30%	R 5100 000
				TOTAL	6 976 746

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
45. Non-compliance with SCM regulation for the awarding of a certain portion of the contract value without following the biding process	During the audit of SCM it was noted that an award to the value of R1 500 000 was made to a supplier, however on inspection of the SLA we found that it stipulated that 30% of the contract value must be contracted to a subcontractor nominated by Lesedi Municipality. The 30% amounts to R450 000, which would have had to be awarded by following a competitive bid process. Details of award are as follows:	**Root cause:** Management was responding to local SMME's request for local empowerment and implementing Enterprise policy by encouraging subcontracting to local people in an event a contract is awarded. **Action:** Management has decided not include the subcontracting clause in the contracts awarded and this implicate the municipality and gives rise to noncompliance with SCM Regulations. Although it was stated in the SLA that 30% should be contracted to subcontractor nominated by Lesedi Local Municipality, it was	SCM and MM	Immediately and ongoing	Contract awarded without subcontracting clause	None	none

		never enforced by the municipality					

Supplier Name	Description	Tender No.	Value of award
Makgotamishe Building Construction	Construction of Mayors House	14/2014	R1 500 000

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
46. Inadequate monitoring of contract performance.	During the audit of contract management, it was noted that for the following contracts, management was unable to furnish documentation to indicate monitoring of the contract performance per the above requirement:	**Root cause:** Lack of documentation where performance meeting took place **Action:** Minutes and attendance register of every meeting with service providers will be documented properly indicative of discussions on actual performance. Ensure that Performance management and assessment occurs at regular intervals throughout the life of each contract.	All managers and project owners	Immediately and Ongoing	Meeting are held regularly	None	None

#	Supplier Name	Description of Service	Amount
1	AMAZA TELEMATICS & FLEET MANAGEMENT	PROVISION OF SERVICES RELATING TO THE DEVELOPMENT AND	4 617 746

#	Supplier Name	Description of Service	Amount
		MANAGEMENT OF REALTIME FLEET MANAGEMENT	
2	IMPISI SECURITY SERVICES	PROVISION OF SECURITY SERVICES	27 887 266
3	SIGMA IT PTY LTD	IT SERVICES	691 923
4	MESO AUTOMATION (PTY) LTD	DOCUMENT MANAGEMENT SYSTEM AND MULTIFUCTIONAL DEVICES	Fixed portion 128 469
5	SWANDRE ELECTRICAL	GENERAL MAITENANCE OF ELECTRICAL INFRASTRUCTURE IN IMPUMELELO, KWAZENZELE AND MUNICIPAL BUILDING IN THE AREA	Rate based on service
6	CORPORATED PAYROLL INSTITUTION	PROVISION OF PAYROLL SYSTEM SERVICES	Rate based on employees
7	MAKGOTAMISHE BUILDING CONSTRUCTION	CONSTRUCTION OF THE MAYORS HOUSE	1 500 000
8	I @ CONSULTING	RE-EVALUATION OF ASSETS REGISTER AND ASSETS MANAGEMENT SYSTEM	8 268 210
9	TMT SERVICES AND SUPPLIES	SUPPLY, SUPPORT AND MAINTENACE OF A TRAFFIC CONTRAVENTION SYSTEM AND THE RENTING OF SPEED CAMERAS	Rate based
10	TECINO TRADING22 PTY LTD	PROVISION OF PREFESSIONAL LAND SURVEY SERVICES	Rate per stand
11	MT MTIMANDZE PROJECT AND CONSULTING	PROVISION OF DEBT COLLECTION SERVICES	% of collections made
12	MKWANAZI MELATO INC	PROVISION OF SERVICES RELATING TO RENDERING OF LEGAL ANS FORENSIC INVESTIGATION, ADVISORY AND SUPPORT TO LLM	As and when
13	ZIZI EVENTS MANAGEMENT	LONG HAUL OF WASTE	5 325 200
14	CROSSCHECK INFORMATION BEREAU PTY LTD	INFORMATION BEREAU AGREEMENT	2 880 000

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
47. Expenditure on contracts exceeded contract price	During the audit of SCM it was noted that for the following contracts exceeded the approved contract price:	**Root Cause:** Inability to estimate the value of work to be done and the budget correctly **Action:** Management has developed the contract management register whose part of its role would be to monitor expenditure. Amounts in the register should be supported by signed contracts or SLA's. The contract register is monitored by the CFO on monthly basis	SCM and CFO	implemented	Contract register is compiled	None	none

Supplier	Description	Contract value (Per register)	Expenditure since Inception (Per payment reports)	Difference
AMAZA TELEMATICS & FLEET MANAGEMENT	PROVISION OF SERVICES RELATING TO THE DEVELOPMENT AND MANAGEMENT OF REALTIME	R4 617 746.38	R5 766 946.3	R1 149 199.

	FLEET MANAGEMENT			
SIGMA IT PTY LTD	PROVISION OF VOIP SERVICES	R691 923	R820 882.07	128 959.
Zizi Events Management	LONG HAUL OF WASTE AND RUNNING AND MAINTENANCE OF WASTE TRANSFER STATION	R5 335 200	R5 963 075.36	R627 875
Total				R1 906 034

It was also noted that the following contracts have been on a month-to-month basis for an extended period of time, this is indicative of weak internal controls and possible circumvention of the SCM processes as competitive bidding processes should have been followed to award the work on expiry of current contracts:

Supplier Name	**Description**	**Commencement Date**	**Expiry Date**	**Status**
MICROMEGA REVENUE MANAGEMENT SOLUTIONS (PTY) LTD	APPOINTMENT OF METER READER TO PERFORM WATER AND ELECTRICAL METER READING ON BEHALF OF THE MUNICIPALITY	01 April 2009	31 March 2012	In progress
DIKELELLONG ENGINEERS & PROJECT	PROVISION OF SERVICES RELATING TO PLANNING, DESIGN AND PROJECT MANAGEMENT IF ROADS IN THE DEVON AREA	August 2013	June 2015	In progress
SWANDRE ELECTRICAL	GENERAL MAITENANCE OF ELECTRICAL INFRASTRUCTURE IN IMPUMELELO, KWAZENZELE AND MUNICIPAL BUILDING IN THE AREA	30 Aug 2011	July 2014	In progress
BUSINESS CONNEXION	INFORMATION, COMMUNICATION AND TECHNOLOGY INFRASTRUCTURE	30 June 2008	May 2001	In progress
CONLOG	CREDIT CONTROL	01 July 2010	30 July 2013	In progress

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
48. No SLAs provided for certain service provider utilised by the municipality	During the audit of SCM it was noted that management was unable to provide contracts for the following:	**Root Cause:** Inability to estimate the value of work to be done and the budget correctly **Action:** Management has developed the contract management register whose part of its role would be to monitor expenditure. Amounts in the register should be supported by signed contracts or SLA's. where SLA are not available process to legitimise must ensue. The contract register is monitored by the CFO on monthly basis	SCM and CFO	implemented	Contract register is compiled	None	none

#	Supplier	Description of work	Payments made

1	MAMONGI (PTY) LTD	SUPPLY AND DELIVERY OF FUEL	2 653 030
2	DEMCO CLEANING PROJECTS CC	SUPPLY AND INSTALLATION OF FEEDER CABLES AT OBED NKOSI TOWNSHIP PHASE	1 180 053

It was further noted that the SLA was not signed on behalf of the municipality for the following:

#	Supplier	Description of work	Payments made
1	Tecino	PROVISION OF PREFESSIONAL LAND SURVEY SERVICES	653 226

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
49. Filled out declaration not submitted for awards made to suppliers in which persons in service of the auditee (officials) have a business relationship with the suppliers'	During the audit of procurement, it was noted that awards were made to suppliers in which persons in service of the auditee (officials) have a business relationship with the suppliers' directors or members, declaration by the officials were not submitted in which the business relationship was declared.	**Root Cause:** Management did not have the system to track the awards of possible people who might be in the employ of the state. **Action:** Management is now using CSD where it is easy to trace people in the employ of the state, so CSD report is attached to every award before approval by MM. section 32 of MFMA will ensue. Additionally, for all contracts above R200 000, verifications with the Provincial Treasury are currently conducted on the PERSAL system.	SCM and MM	Immediately and ongoing 31 march 2017	CSD reports or results are attached to all awards	None	none

Supplier	Value of Expenditure	Employee ID	Position/section	Entity in which connection was

				found
BHEKZO INVESTMENTS CC	R 592 112.48	6406165415087	Executive Mayoral	THEMBEKILE TRAINING CONSULTING
3 GEES CONSTRUCTION AND PROJECTS CC	R 104 000.00	8807090779083	Administrator Electricity	ASIMANGASIMILE FARMING CO-OPERATIVE LIMITED
GRACELAND DEEDS (PTY)LTD	R 67 300.22	5610250277085	Part Time Council	LIJOTHEGRA SERVICES
KHOSANTO HOLDINGS	R 113 490.00	6406165415087	Executive Mayoral	THEMBEKILE TRAINING CONSULTING
Total	**R 876 902**			

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
50. Filled out declaration not submitted by the appointed suppliers	During the testing of SCM it was noted that the following suppliers did not submit a filled out declaration of interest:	**Root Cause:** Management did not have the system to track the awards of possible people who might be in the employ of the state. **Action:** Management is now using CSD where it is easy to trace people in the employ of the state, so CSD report is attached to every award before approval by MM. section 32 of MFMA will ensue	SCM and MM	Immediately and ongoing 31 march 2017	CSD reports or results are attached to all awards	None	none

Supplier Name	Description	Value of award (Per contract register)	Adjudication Date(Per Contract Register)
Singatel Pty Ltd	PROVISION OF VOIP SERVICES	R 646 735.60	17-Aug-15
DIKGATO ENGINEERING CONSULTANTS PTY LTD	PROVISION OF PROFESSIONAL CIVIL ENGINEERINGSERVICES FOR CONSTRUCTION OF ROADS AND STORMWATER IN HEIDELBERG EXT 23 AND 26	R1 404 603.12	11-Mar-16

MT MTIMANDZE PROJECT AND CONSULTING	PROVISION OF DEBT COLLECTION SERVICES	12% OF MONEY RECOVERED	25-May-15

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
51. In accurate declarations made by employee in employ of the state	During the audit of procurement it was noted that awards were made to suppliers in which persons in service of other state institutions have an interest and the members/directors incorrectly declared their interest.	**Root Cause:** Management did not have the system to track the awards of possible people who might be in the employ of the state. **Action:** Management is now using CSD where it is easy to trace people in the employ of the state, so CSD report is attached to every award before approval by MM. section 32 of MFMA will ensue	SCM and MM	Immediately and ongoing 31 march 2017	CSD reports or results are attached to all awards	None	none

No.	Name of person	State institution where employed	Supplier name	Amount paid (Payment report)	Comments
1	RAPEANE ML	GP: HEALTH	KWINYABOLS CONSTRUCTION	R160 89.84	Member Incorrectly declared
2	KHOZA MT	Transnet TFR	TM KHOZA AND ASSOCIATES CONSULTING ENGINEERS	159 218.29	Member Incorrectly declared

No.	Name of person	State institution where employed	Supplier name	Amount paid (Payment report)	Comments
3	KHUMALO M	GP: EDUCATION	MIKELOS CONSTRUCTION & TRADING CC	143 070.00	Member Incorrectly declared
4	MKHWANAZI W T	GP: HEALTH	3 GEES CONSTRUCTION AND PROJECTS CC	104 000.00	Member Incorrectly declared
5	MANOKO KT	Johannesburg City Parks	LEDREST TRADING INVESTMENTS CC	689 870	Member Incorrectly declared
6	KAU	Johannesburg Roads Agency	DIKELELLONG ENGINEERS & PROJECT	1 338 435.91	Member Incorrectly declared
7	LEBOGO	SA Civil Aviation Authority	DIKELELLONG ENGINEERS & PROJECT	1 338 435.91	Member Incorrectly declared
8	SIGASA	GP: EDUCATION	VULINO (PTY) LTD	240 418.80	Member Incorrectly declared
9	RAKOSA	Independent Electoral Commis	XQUISITE PROJECTS PTY LTD	182 435	Member Incorrectly declared
10	MATSHITELA E	Road Accident Fund	MAMONGI (PTY) LTD	2 547 629.67	Member Incorrectly declared
11	SIMELANE L	GP: SOCIAL DEVELOPMENT	LINDAS HUSTLE PROJECTS	51 300.00	Member Incorrectly declared
12	MAROLE	Development Bank of Southern Africa	SANTAM	10 000.00	Member Incorrectly declared
13	FUBU T	NAT: TRADE & INDUSTRY	SANTAM	10 000.00	Member Incorrectly declared
14	DARKO	Transnet Group	BUSINESS CONNEXION	8 373 922.01	Member Incorrectly declared
15	NTSEARE B A	Transnet TFR	VODAC (PTY) LTD	649 972.79	Member Incorrectly declared
16	KONAR D	City of Johannesburg Metro	ALEXANDER FORBES FINANCIAL SERVICES	269 040.00	Member Incorrectly declared
17	NAICKER V K	Agricultural Research Council	ALEXANDER FORBES FINANCIAL SERVICES	269 040.00	Member Incorrectly declared
18	WOZNICA	Tshwane Metropolitan Municipal	CROSSCHECK INFORMATION BUREAU	1 120 000.00	Member Incorrectly declared

No.	Name of person	State institution where employed	Supplier name	Amount paid (Payment report)	Comments
19	MKHONTO	GP: EDUCATION	SINGA TEL (PTY) LTD	1 293 471.20	Member Incorrectly declared
20	LETSOALO L	Tshwane Metropolitan Municipal	DIKGATO ENGINEERING CONSULTANTS PTY LTD	1 202 418.42	Member Incorrectly declared
21	SOUTHEY E	Independent Regulatory Board for Auditors	SCHINDLER LIFTS (SA) (PTY)LTD	33 835.10	Member Incorrectly declared
22	MOKOKA M	W&R SETA	SCHINDLER LIFTS (SA) (PTY)LTD	33 835.10	Member Incorrectly declared
23	KUNENE MI	Tshwane Metropolitan Municipal	MT MTIMANDZE PROJECT AND CONSULTING	2 823 402.60	Member Incorrectly declared
	Total			**21 691 469.63**	

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
52. Deviations not completely recorded	During the audit of expenditure, it was noted that there were deviations that were approved by the accounting officer and were not included in the deviations register. This therefore means that the deviations disclosed in the financial statements are not complete. The table below illustrates the details of the cases identified:	**Root Cause:** Non-prompt update of deviation register **Action:** The register will be reviewed before the order is signed by the CFO to ensure that all the deviations are in the register, then to council	SCM manager and CFO	From January 2017	none	None	none

Supplier Name	Cheque Number	Comments	Amount
LEBEA INCORPORATED ATTORNEYS	91026219	Additional expenses incurred in a deviation not recorded	R 137 858
UNIVERSAL KNOWLEDGE SOFTWARE(PTY)LTD	91027159	Deviation that was not recorded in Deviation Register	R 259 195
QA AUDITORS INC	91025720	Deviation that was not recorded in Deviation Register	R 190 856
MAMONGI (PTY) LTD	91026636	Deviation that was not recorded in Deviation Register	R 348 758,
VAALRIDGE AUTO	91026933	Deviation that was not recorded in Deviation Register	R 45 000,
			R981 667

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Predetermine objectives							
53. No Public notice made for adjustment made to budget	As per inspection of revised budget submitted for audit it was noted that budget was adjusted from the original budget. However, there was no public notice was submitted to audit team on request	**Root Cause:** Unclear delegation of duties and responsibility **Action:** Finance section will resume the responsibility of ensuring full compliance with section 72 and other related	Manager budget and reporting	28 February 2017	None	None	None
54. Public notice for amendment of IDP was made public after 14 days from the adoption	On inspection of public notice of approved IDP dated 19 June 2015 it was noted that public notice was made 22 days from the councillors' resolution. Councillor's resolution dated 27 May 2015 to 19 June 2019 of public notice make up to 22 days	**Root cause:** Lack of compliance check list and roster. **Action:** Management has engaged on development of check list and a roster which will be monitored regularly and reviewed by MM. It will also be a standing item in management meetings.	Mm and all managers	31 January 2017	Only discussion on modalities ensued	None	None
55. Late submission of Approved IDP	It was noted that municipality did not submit amendment of IDP	**Root cause:** Lack of compliance check	Mm and all managers	31 January 2017	Only discussion on	None	None

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
to MEC	within 10 days of the adoption of the councillor's resolution. The Municipality submitted amendments of IDP to COGTA on 31 March 2015 of which is before the adoption of the councillor's dated 27 May 2015.	list and roster. **Action:** Management has engaged on development of check list and a roster which will be monitored regularly and reviewed by MM. It will also be a standing item in management meetings.			modalities ensued		
56. Non Submission of Mid-year performance report	It was noted that municipality did not table the mid-year performance assessment to Mayor of the municipality, National treasury and provincial treasury for 2015/16. To date the midyear performance report to Mayor was still not tabled.	**Root cause:** Lack of planning by management **Action:** Management will develop a project plan clearly stipulating roles and responsibilities and time frames, which will enhance the reasonable time for completion	MM	30 January 2017	Discussion have already started in management regarding the development of project plan. Presentation by Sedibeng District municipality has been done during December 2016	none	none
57. Portfolio of evidence submitted not	During the audit of performance information, it was noted that the portfolio of evidence	**Root Cause:** lack of understanding the					

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
valid and accurate	submitted is not accurate and valid to confirm the reliability of the following performance indicators reported	performance management systems as a whole, which led to interventions that called for changes in the KPA leading to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was not correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency, alignment and SMART.					
58. Portfolio of	During the audit of performance information it	**Root Cause:**	**Performance**	Continuous	Meeting was	Time is not	Sedibeng

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
evidence submitted not valid and accurate	was noted that the portfolio of evidence submitted is not accurate and valid to confirm the reliability of the following performance indicators reported	lack of understanding the performance management systems as a whole, which led to interventions that called for changes in the KPA leading to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was not correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency, alignment and SMART.	**manager and MM**		held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	adequate given that the municipality is also implementing MScoa	district Municipality to assist

The table below indicates the error rate:

Indicators	Actual reported performance value	Audited value	Misstatement identified for the target	Misstatement occurrence target
NKPA :2 Financial Viability (Community service)				
Number of joint operations with various parties for policing purposes	4	0	4	No evidence to support the reported value
Number if ECD centers supported by means of infrastructure upgrades	23	3	20	No evidence to support the reported value
Number of quarterly maintenance reports of community facility produced	1	0	1	No evidence to support the reported value
Number of library outreach programs implemented	5	3	2	No evidence to support the reported value

No.	Indicator	Target	Actual	Department	Comment
	Number of jobs created through EPWP.	15	15	Community service	Duplication of indicator (Indicator is reported by infrastructure but the contract are for the same people. Therefore overstatement)

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT

		KEY FINDINGS AND ADDRESS CAUSES					
					Actual Progress	Challenges	Intervention / Support required
59. Planned indicator and target do not meeting "SMART" criteria	During the audit of predetermined objectives it was noted that the following indicators and targets were not well defined or meet the "**SMART"** criteria:	**Root Cause:** lack of understanding the performance management systems as a whole, which led to interventions that called for changes in the KPA leading to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was not correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency, alignment and SMART.	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

Table 1: Indicators that do not meet the "SMART" criteria:

No.	Indicator	Target	Actual	Department	Comment
	Number of speed law enforcement operation conducted	120	1113	Community service	Target is not realistic
	% completion on the upgrading of cemeteries as per the project specification	75%	100%	Community service	Reporting of the actual is not accurate (Target of 100% was achieved in quarter 3 but 25% is still been reported in quarter 4)

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
60. Indicator reporting cumulative achievement not meeting the annual time bound criteria	In the audit of predetermined objectives we noted that in some instances the entity reported on indicators that do not satisfy the criteria for usefulness as they are not measurable and relevant. Furthermore we noted that target set was also not specific and time bound (target is not annual).	**Root Cause:** lack of understanding the performance management systems as a whole, which led to interventions that called for changes in the KPA leading to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

		performance management system was not correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency, alignment and SMART.					

Indicator	Reason
Number of indigent household receiving free access to basic electricity	The indicators are a cumulative number of all accounts, not what has been achieved in year. Because the indicators are cumulative, they are therefore not representative of the performance by the entity in that particular year. The old accounts included in the database cannot be controlled by the entity if they wanted to change to a different energy source and therefore the changes to the number of accounts on the database are not limited only to new accounts but also old accounts. For these reasons, the indicators cannot be measured reliably.

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
61. Shortcomings identified on water and road infrastructure performance management	During the audit of road infrastructure performance management, it was noted that the Municipality does not have an approved strategy in place for the maintenance of roads infrastructure which cover the 2015/2016 financial year. It was further noted that no approved policy for maintenance of roads infrastructure was in place.	**Root cause:** The strategy and maintenance plans are available but were submitted late to council for approval. **Action:** Management will embark on implementation	Infrastructure department	ongoing	Strategies are available	Budget constraints to fully implement the maintenance strategies	None

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
Information technology							
62. Inadequate review of administrators' activities on e-Venus	The review of administrators' activities on application systems was not included in the *ICT Logical Access* policy. As a result, the review of e-Venus administrator activity was only performed once (in June 2016) during the 2015-16 period, while other systems were managed by service providers. Failure to review e-Venus administrator account activity can result in unauthorised activities on this application system. Editing of configurations, creation of unauthorised user accounts and amendment or deletion of audit trails by such users, are some of the activities which might not be detected in a timely manner. This could lead to malicious or unauthorised activity which could affect financial information.	**Root cause:** Overreliance on consultants **Action:** The migration to SAP will encapsulate clear division of responsibilities including the administrative one	IT and CFO	30 June 2017	None	None	Provincial treasury assisting with implementation of SAP

63. Inadequately defined password configuration settings on financial system (MEPS, Fleet Management System, IDEAL, and IMQS)	The following password settings were not aligned to the municipality's *ICT Password Standard*: The requirement of locking out a user account after three unsuccessful consecutive login attempts could not be set on the MEPS and Fleet Management systems as there were no security settings for these criteria. However, the lockout duration was not set on IMQS. IDEAL password was a four (4) digit numeric character which was not in compliance to *ICT Password Standard*. Other password configurations could not be provided for the IDEAL system. IDEAL and IMQS user passwords were available in clear text to an administrator. Passwords creations and resets for the IDEAL prepaid system and FLEET Management system were communicated to users via email in clear text. Furthermore, these systems did not force the user to change their password upon first	**Root cause:** The e Venus is designed like that and it would take lot of money to change the system to accommodate the required configuration. Fleet management did not respond to municipal It section and Ideal responded by indicating that their settings are classified. **Action:** By virtue of limited control on how the systems owners operate their system, management has decided that moving forward the security setups will be made strong conditions before any acquisition of new systems, as for we the municipality rely on the certificate of security.	IT Manager	ongoing	Only certificates of security were obtained, but also, migration to SAP will provide the opportunity to improve on the current security weaknesses	None	None

	login after an administrator had reset a password. Uniquely identified user name on IDEAL could not be linked to a user; therefore termination of users could not be performed effectively as usernames could not be easily identifiable. The maximum password age of 30-60 days was stated to be hardcoded in the IMQS application system but this could not be confirmed with supporting evidence. Password history for FLEET Management systems was not clearly defined according to *ICT Password Standard* and password history on IMQS was also not set. Insecurely set password configuration settings could result unauthorised access to the application systems which could result in malicious activity that could affect the security of the system. If password settings are not securely configured, this may make it easier for attackers to gain unauthorised access to the entity's systems and compromise its financial and operational data.						

64. Inadequate verification of bank account numbers before processing supplier payments	There were no controls in place for identifying changes to supplier bank account numbers on the e-Venus financial systems. In addition, EFT payment files extracted from the e-Venus financial system also resided in an unencrypted format on the financial personnel's local machines before being processed on the ABSA EFT system for payment. Although these payment file locations on the respective workstations were not shared with other users, there were no controls were in place for an approver to verify bank account numbers of suppliers before the payment files were processed for payment. Though a supplier may query non-payment of invoice, which will bring the matter to the attention of the municipal officials, this may be after funds have been lost; therefore constituting a weak detective control. Perpetrators may create fraudulent bank account numbers for authorised suppliers/employee on the system before a payment file is generated. This would result in payments made to incorrect bank	**Root Cause:** The function was done at SCM unit and there was no consistency. **Action:** The function is now done by creditors and one senior is authorising.	Manager Expenditure	Immediately and ongoing	The verification is now done at the creditors and reviewed by manager expenditure	None	none

	accounts. Such payments may lead to financial losses to the municipality should there be fraudulent intent for these unauthorised bank account number changes.						
Governance							
65. Audit Committee did not advise management on internal audit work done.	During the audit, it was noted that for the 2015/16 financial period, the internal audit unit was not functional due to the fact that internal audit unit did not present any reports in the audit committee meetings that provides progress on the work performed based on the approved plan. This negatively affected the committee in fulfilling its duties of advising the municipal council and accounting officer of the effectiveness of the control environment based on the controls evaluated by the internal audit unit.	**Root cause:** Lack of capacity by the internal audit unit. **Action:** Management have since engaged on an appointment of Service providers to capacitate internal audit and co-source the internal audit function. Also, Audit Committee will report quarterly to council as per Audit Committee Charter.	MM	ongoing	Service provider appointed	None	None
66. Evaluation of the Audit committee members not conducted for 14/15	During the audit it was noted that the audit committee members were not evaluated in the current year by the respective senior officials as prescribed by the charter. Furthermore we noted that the audit committee	**Root Cause:** Lack of awareness and exposure to the regulation giving effect to this requirement. Management will interrogate the said regulations	MM	28 February 2017	None	None	None

	members did not do a self-evaluation to ascertain if they have fulfilled their legislated duties.	and ensure that proper compliance is adhered to. This will be included in the envisaged check list and roster					
67. Late appointment of Internal auditors	We noted that the municipality did not have a fully capacitated internal audit as it opted for the outsourcing in order to capacitate the thus appointed one person to work and coordinate audits with the outsourced firm. We further noted that the outsourced firm was appointed in May 2016 i.e. one month before year end and this resulted in the municipality not having an effective internal audit unit for 11 months of the year and this had a negative impact on the work that should have been covered by the internal audit unit. Work to be performed by internal auditors for 15/16 financial will not benefit the municipality because reporting of issues will happen around the same time with external audit period.	**Root Cause:** Management was waiting for support from Treasury and the request was declined very late. **Action:** Management has already appointed the Service providers	MM and Internal Auditor	Implemented and ongoing	The reports of Service providers were submitted to audit Committee	None	None
68. AOPO : MID YEAR PERFORMANCE ASSESSMENT	MFMA Sec 72(1)(b) states that Accounting Officer of a Municipality	**Roots cause:** This deficiency was due to lack of	MM	28 February 2017	Email has been sent to department	None	None

NOT SUBMITTED BY 25/01/14	must by 25 January of each year submit a report on Performance Assessment to the Mayor of the Municipality, the Nat Treasury and the relevant Prov TreasuryThe Municipal Manager did not submit to the Nat Treasury and the Prov Treasury the Mid Year Budget and Performance Assessment as required by the legislation. The Mid Year Budget Performance Assessment was submitted to Nat Treasury and the Prov Treasury on 4 Feb 2014 and on 6 Feb respectively.	planning by management. **Action:** Management will develop the compliance check list and roster where the responsibilities will also be clarified in ensuring that all activities are executed on time and as per schedule			to give inputs also		
69. INCONSISTENCY BETWEEN THE PLANNED AND REPORTED INDICATORS	The framework for managing Performance and programme Information issued by the Nat Treasury requires that objectives, indicators and targets must be consistent between planning and reporting documents. MFMA Circular 11 of the MFMA No 56 of 2003 states:Annual Reports must be aligned with the planning documents and Municipal Budget for the year reported on. This means that the IDP, Budget, SDBIP, in year reports and Annual Report should have similar and consistent	**Root Cause:** lack of understanding the performance management systems as a whole, which led to interventions that called for changes in the KPA leading to inconsistent reporting during the year. SMART principle was not fully adhered to and the alignment between IDP, SDBIP and performance management system was not	**Performance manager and MM**	Continuous	Meeting was held in December by management and Sedibeng performance manager where a workshop was even conducted that paved a way to SMART PMS	Time is not adequate given that the municipality is also implementing MScoa	Sedibeng district Municipality to assist

	structures to facilitate understanding and to enable the linkage between plans and actual performance	correct. **Action:** Management has engaged Sedibeng municipality to assist and revamp the whole PMS. This engagement will address all the audit findings raised by AGSA as they were all borne by lack of consistency, alignment and SMART.					
68. Internal audit unit did not report to the audit and performance committee on the implementation of the internal audit plan	During the audit it was noted that the internal audit unit did not execute any projects as planned according to the operation audit plan that was approved for the financial period (15/16) under review as there were no finalized reports issued and provided to us for review to date. Furthermore the action plan tracking the progress made to address prior year audit findings was not provided to assess the improvements made in the control environment based on the implementation of recommendation that were made in the prior yea On inspection of audit	**Root Cause:** Lack of capacity within the internal audit unit created this deficiency. **Action:** Management has embarked on co-sourcing the internal audit function to beef up the unit, with the aim of offering trainings or skills transfer	Internal Audit and MM	28 February 2016	Service provider have been appointed and reports has been submitted to AC and council	None	None

	performance committee meeting minutes, we noted that there were no submissions of reports from internal audit for work performed against the approved plan and this was caused due to the fact that internal auditors were appointed in May 2016 i.e. one month prior to year end.						
69. The internal audit unit was not effective during the 2015/16 financial year.	During the audit, it was noted that for the 2015/16 financial period, the internal audit unit did not fulfil its legislated responsibilities relating to advising of accounting officer and audit committee on the adequacy of internal controls, compliance with laws and regulations as well as any audit responsibilities as requested by the accounting officer. We further noted that the internal audit plan was only approved in January 2016 and this is a contravention of section 165 (2) (a) that requires a risk-based plan be prepared for a financial year and not for a six month period.	**Root Cause:** Lack of capacity within the internal audit unit created this deficiency. **Action:** Management has embarked on co-sourcing the internal audit function to beef up the unit, with the aim of offering trainings or skills transfer	Internal Audit and MM	28 February 2016	Service provider have been appointed and reports has been submitted to AC and council	None	None
70. No segregation of duties between Risk Management	During the planning phase it was noted that the operational activities	**Root Cause:** The size of the municipality does not afford the	MM	31 March 2017	None	None	None

unit and Monitoring and Evaluation unit	being monitoring and evaluation and risk management unit is performed by the same person however these functions are incompatible. The risk management unit is responsible for the oversight role for the entire municipality and the personnel occupying this unit should be independent of the operational activities of the municipality. This will ensure that the risks identified and assessed will not subject anyone to review their own operational functions since they will be independent. It was further noted that the risk management unit did not assess the risks that affect the municipality on a quarterly basis since there were no reports submitted to the audit committee.	segregation of this function and this is the only ideal area where it can be combined. Lack of commitment from staff on executing their duties **Action:** Municipality will ensure that the monitoring is not involved in operations but remain in the monitoring. Suitable consequence management will ensue after consultation.					
ANNEXURE C: ADMINISTRATIVE MATTERS Property plant and equipment							
71. Inadequate controls over the safeguarding of assets	During the audit of property plant and equipment it was noted that there were library books that could not be verified by the Municipality. The total value of the whole	**Root Cause:** Inadequate verification of Assets(books) **Action:** Management will verify books using newly acquired	Community Services	31 March 2017	New system has been installed and it detects the outgoing and incoming books into the library	None	None

	population is **R60 229**	system and will report to council where there will be a shortage					
72. Misclassification of scrapped assets as disposal in the asset register	During the audit of assets it was noted that the assets that are kept in the store room waiting to be disposed were incorrectly classified as disposals instead of being scrapped until the council resolution is obtained to approve the disposal.	**Root cause:** The process of disposal was not well defined and incorrectly executed **Action:** Assets section have started identifying all obsolete assets where a list will be compiled and that will then inform council resolution, only after council resolution the assets will be sold through public auction and removed from FAR	Asset manager	31 March 2017	Compiling the list of scrapped and obsolete asset	None	None

The following is an example of such assets;

Infrastructure assets

#	Component ID	Accounting sub-group	Description	Amount R
1.	15324816	Infrastructure Assets	Transformer	8 162.75

2.	15325985	Infrastructure Assets	Transformer	10 423.82
3.	15326411	Infrastructure Assets	Transformer	8 094.64
4.	15326511	Infrastructure Assets	Transformer	8 330.95
5.	15326541	Infrastructure Assets	Transformer	10 323..62

Note that the total value of these assets amount to **R45 335.32**

Other assets

Note that the total value of these library books amounts to **R60 229**

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
73. No Retention in place	During the planning phase it was noted that the Municipality does not have a succession plan for retention in place. These policies and procedures are necessary in order to ensure that the municipality and its staff are aware of established criteria and there are set procedures to deal with retentions in a consistent manner.	**Root cause:** Policy was not reviewed for 15/16 **Action:** Management will review the retention policy for 16/17	Corporate Services	28February2017	Draft policy is in circulation for comments	None	None
74. Leave captured on the system after year end	During the audit of employee cost, it was noted that the following leave was captured late on the system.	**Root cause:** The municipal area is spatially scattered and this made the update of leave book take place weekly. **Action:** The weekly update will be reflected and contained in the leave policy of the municipality.	Corporate Services	28 February 2017	Email has been sent to update the policy	None	None

Employee No	Type of leave	Start Date	End Date	No of days	Approval Date	Date captured on the system
10540035	Annual leave	27 Jun 2016	28 Jun 2016	2	24 Jun 2016	04 Jul 2016

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
75. Leave not pre-approved	During the audit of employee cost, it was noted that the following employees went on leave before it was approved:	**Root Cause:** Ill-discipline amongst the staff. **Action:** Leave without pay will be applied	All Managers	Immediate and ongoing	Memo is being circulated to this effect	None	none

Employee No	Type of leave	Start Date	End Date	No of days	Approval Date	Date captured on the system
10540009	Annual	04 Jan 2016	04 Jan 2016	1	04 Jan 2016	15 Jan 2016
0818478	Annual	31 Aug 2015	04 Sep 2015	5	02 Sep 2015	09 Sep 2015

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
76. Rental not charged on a municipal property occupied by an employee	During the audit of employee cost, it was noted the municipality has entered into a contract with an employee for rental of one of the municipality properties; however, the employee was not charged rental in the first month of occupation as agreed on the signed contract.	**Root cause:** The one month was normally dedicated to revamping for the next occupant and signing of the actual contract, therefore the contract was not aligned to the period of occupation **Action:** Contracts will be aligned to the actual period of occupation and disregard the period of cleaning, refurbishment and revamping.	Corporate Services	Immediately	Contracts are aligned	None	None

Below refer to the details:

No	Employee No	Initials & Surname	Department	Commencement date	Rental According to the Contract	Rental Charged

1	10090135	F Manaka	Libraries Sub (1)	1-Jun-16	R1 650.00	-

KEY AUDIT FINDINGS	CAUSES OF AUDIT FINDING	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	RESPONSIBILITY	DUE DATE FOR EACH ACTIVITY	PROGRESS REPORT		
					Actual Progress	Challenges	Intervention / Support required
77. Non-compliance with Municipal Gratuity Fund's constitution	During the audit, it was noted that pension fund contributions per the table below were paid over to the Municipal Gratuity Fund after the 7th of the month, resulting in the municipality incurring interests due to non-adherence to the constitution of the fund which requires the municipality to pay such funds before the 7th of the month.	**Root Cause:** Human error where one file was erroneously deleted due to the duplicates that were done **Action:** All files are now properly checked before payment in ensuring that none can be left behind due to human error	Manager expenditure	Implemented already	completed	None	None

Below refer to the table for details:

Month	PENSION FUND CONTRIBUTIONS		
	Amount paid as per bank statement	Date of payment as per bank statement	Payment made by the 7th of the next month?
Apr-16	2 024 664.63	09-May-16	No